

Report of the Chief Financial Officer - Month 7 3 December 2018

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Agenda Item No: 9.1

TRUST BOARD REPORT

Meeting Date:	3rd December 2018
Title:	Report of the Chief Financial Officer - Month 7
Executive Summary	This paper reports the in-month, year-to-date and forecast financial position for the Trust as at Month 7. The paper also reports on delivery against financial targets.
Or Report of	
Action requested	<input type="checkbox"/> Make a decision <input type="checkbox"/> Approve <input checked="" type="checkbox"/> Receive for assurance <input type="checkbox"/> Received and noted If the item has already been approved by a body with delegated powers of approval from the Board such as a Committee of the Board, then the item would be received and noted.
For the attention of the Board	N/A
Assure	N/A
Advise	N/A
Alert	N/A
Author + Contact Details	Kevin Stringer, Chief Financial Officer - 01902 695954 kevin.stringer@nhs.net
Links to Trust Strategic Objectives	Maintain financial health – Appropriate investment to patient services
Resource implications	N/A
CQC Domains	Well-led: the leadership, management and governance of the organisation make sure it's providing high-quality care that's based around individual needs, that it encourages learning and innovation, and that it promotes an open and fair culture.
Equality and Diversity Impact	N/A
Risks: BAF/TRR	N/A
Risk: Appetite	N/A
Public or Private	Public
Other formal bodies involved	Finance and Performance Committee
References	N/A
NHS Constitution	In determining this matter, the Board should have regard to the Core principles contained in the Constitution of: Equality of treatment and access to services High standards of excellence and professionalism Service user preferences Cross community working Best Value Accountability through local influence and scrutiny

Report of the Chief Financial Officer

Finance Report
October 2018 - Month 7



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Summary - Key Messages

Financial Plan

The reported year to date I&E position*:

	Year to Date		
	Plan £'000	Actual £'000	Variance £'000
Surplus/ (Deficit)	(5,668)	(8,060)	(2,392)
Achieved PSF	5,137	2,797	(2,341)
Control Total Surplus/ (Deficit)	(531)	(5,263)	(4,732)

The Trust is behind the year to date financial plan at month seven by £4.8m which is made up of £2.3m unachieved PSF and £2.4m adverse to plan on all other budgets.

Income in October has been high at £42.0m. This figure includes £0.5m relating to a prior year settlement however in terms of patient care activity generated income October is the biggest income month that the Trust has delivered. The Trust has a favourable variance to plan of £5.9m year to date on income. However, expenditure is adverse to plan by £9.4m year to date which is predominately due to pay expenditure exceeding the budget and unachieved CIP.

It is currently assumed that the Trust will not achieve either the financial or the A&E PSF in quarter 3.

Financial Risks

This financial year is expected to be one of the most challenging years that the Trust has experienced.

The Trust has identified a number of risks in relation to the forecast outturn. The material risks are:

- 1) A high activity and income plan - this appears to be delivering with very strong income figures and therefore will not be reported as a risk going forward.
- 2) A low contingency compared to previous years.
- 3) A £25m CIP target and a £9.8m vacancy factor, both of which have only been partially delivered in the first seven months of the year.
- 4) The nationally agreed pay award which is a cost pressure of c. £0.8m.
- 5) Agreeing funding for the AEC/ frailty model of care and/ or securing transition funding for the 2017/18 ward closure (£1.1m).
- 6) Confirmation of the £6.0m funding for MSFT support.
- 7) Potential additional cost pressures due to A&E department closure overnight at Princess Royal, Telford. This is subject to agreeing funding with Shropshire Commissioners.

CIP and Vacancy Factor

In month seven the CIP target moves up to c. £3m a month for the remainder of the financial year. In month there was a shortfall of £2.18m against the in-month CIP plan of £3.14m. Year to date shows an achievement of £5.92m against a plan of £10.62m. Of the CIP delivered to date, there is a £1.88m recurrent full year effect. The non-delivery of recurrent and cash releasing CIP continues to be an issue.

The vacancy factor target for month seven is £0.9m (18/19 Factor only). There was an under recovery of £0.5m.

Forecast

The Trust Board are discussing the forecast year end position and will take this forward with NHS Improvement.

Cash

At the 31st October 2018 the Trust had a cash balance of £8.1m which is £2.0m below the plan.

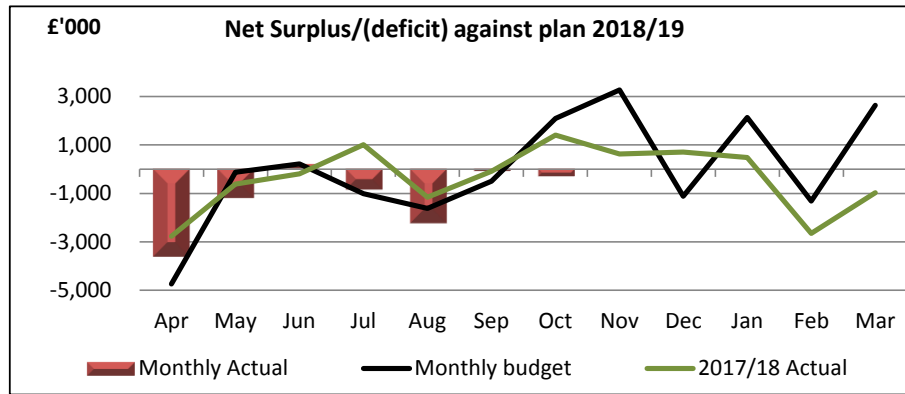
Charity

Reported quarterly.

* Unless stated otherwise, all numbers and analysis in this report will exclude provider sustainability funding (PSF).

Summary Charts - Surplus/ Deficit (excluding Provider Sustainability Funding)

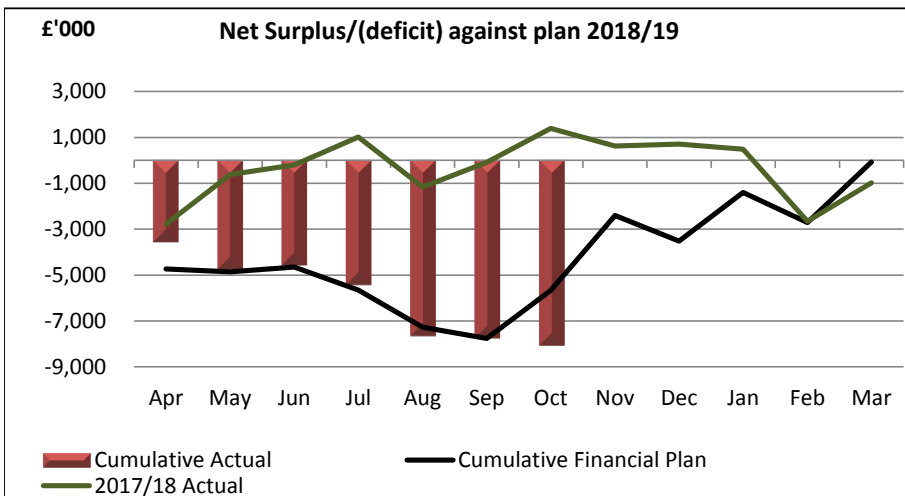
In-Month Net Surplus



In month seven the Trust reported an in-month deficit of £0.33m, against an in-month plan of £2.1m surplus, this is a adverse variance of £2.43m.

The in-month deficit was mainly due to expenditure above plan of £3.64m. The biggest driver of this is an in-month CIP shortfall of £2.1m, along with a pay overspend of £1.2m and a non pay overspend of £1.0m.

The adverse variances were partially offset by an over recovery of patient income of £1.0m and unutilised reserves of £0.77m.



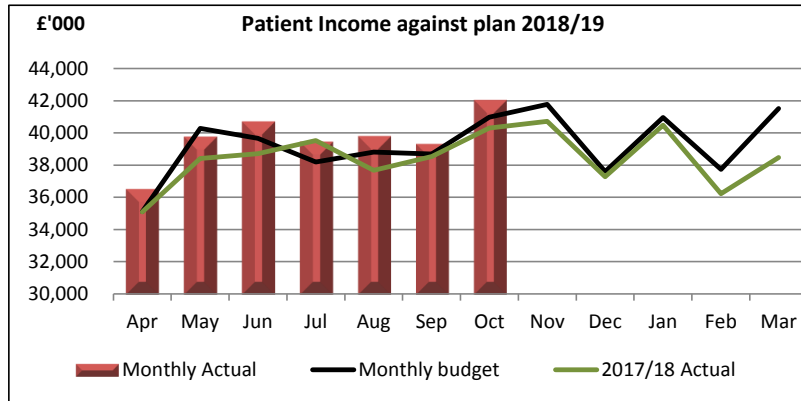
At month seven the Trust is adverse to plan with a year to date deficit of £8.19m against a planned deficit of £5.8m.

It should also be noted that £4.14m of earmarked reserves are not spent at the end of month seven and this funding has been used to support the financial position. This funding will not be available to be drawn down later in the year.

A detailed view of the in-month and year-to-date performance figures can be found in the I&E account in appendix one.

Summary Charts - Income

Patient Income*

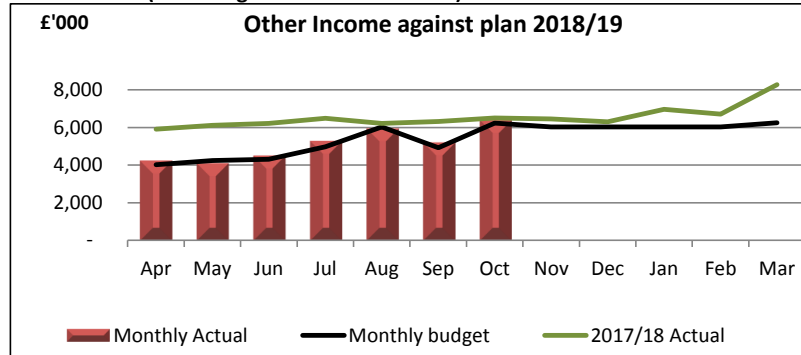


In month seven, patient contract income is £42.03m which is an over performance against plan of £1.05m.

The income performance in October was a high month in activity terms at £42.03m. The position includes the settlement of a prior year contract which contributed £0.5m. After adjusting for non-recurrent items it is thought that the income achieved in October is the highest level of in-month patient income ever achieved.

Further detail on patient income is on page 13.

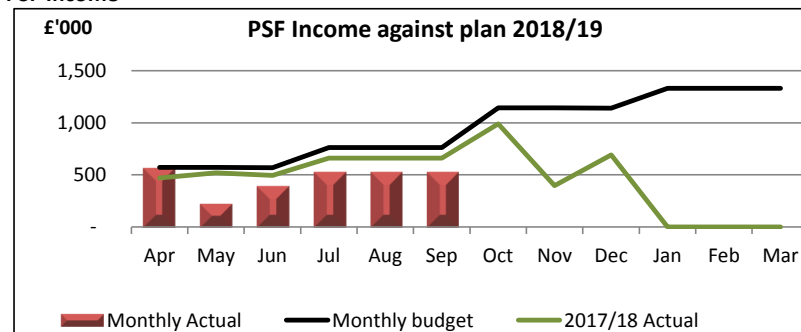
Other Income (excluding CRN and PSF income)



Other income is over plan in month seven by £0.12m.

Other patient care income and directorate income were both under plan by £0.03m and £0.10m respectively.

PSF Income



Provider Sustainability Funding income is below plan in month seven by £1.14m.

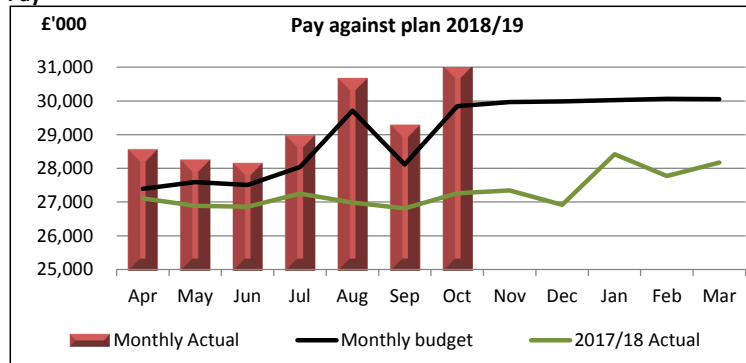
At month seven it has been assumed neither the financial target nor A&E target will be achieved in quarter 3.

Footnote:

* There will be budgetary adjustments made every month to fund variances on pass through items such as drugs and devices. Budgetary adjustments will also be made in relation to contract variations that are made in year.

Summary Charts - Expenditure

Pay



Pay is overspent in month by £1.2m against plan.

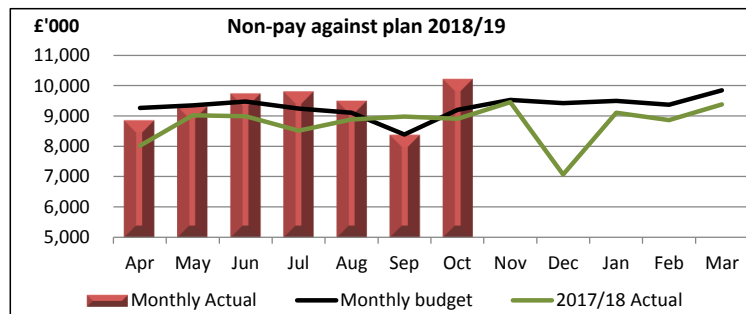
- Division 1 is overspent by £0.45m, Division 2 is overspent by £0.68m and Division 3 is overspent by £0.10m.
- Estates & Facilities underspent by £0.01m and Corporate services is overspent by £0.14m.

The Division 1 overspend is due to £0.35m underachieved vacancy factor whilst the Division 2 overspend is due to £0.11m underachieved vacancy factor and £0.49m due to medics including agency covering vacancies and additional staffing providing support across the division.

Further analysis has been undertaken on the pay overspend in order to pinpoint the exact drivers of the pressures. The level of successful recruitment has been tremendous in the first part of this year and the number of substantive staff that have been recruited is in excess of the increase in staff over the whole of 2017/18. This has meant that the vacancy factor which was a key planning assumption for this financial year has only particularly been achieved.

Once budgets are adjusted to take out the vacancy factor the only staff group that is overspent is medical. Analysis suggests that the cost pressures can be isolated to a small number of areas with significant medical staffing challenges. It is not expected that these challenges can be satisfactorily be resolved in the short-term.

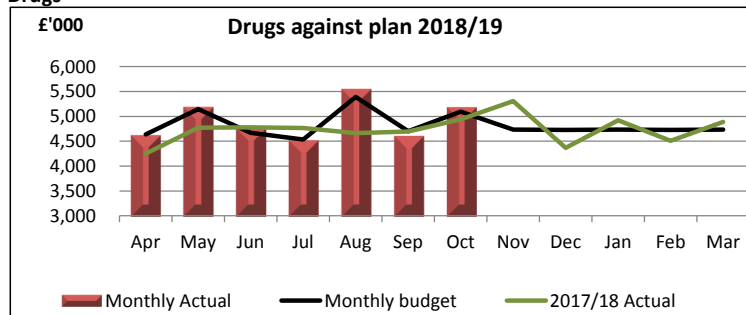
Non-pay



Non pay is overspent against plan by £1.00m.

- Division 1 is overspent by £0.42m.
- Division 2 is overspent by £0.01m.
- Division 3 is overspent by £0.11m.
- Estates & Facilities is underspent by £0.15m.
- Corporate services is overspent by £0.07m.

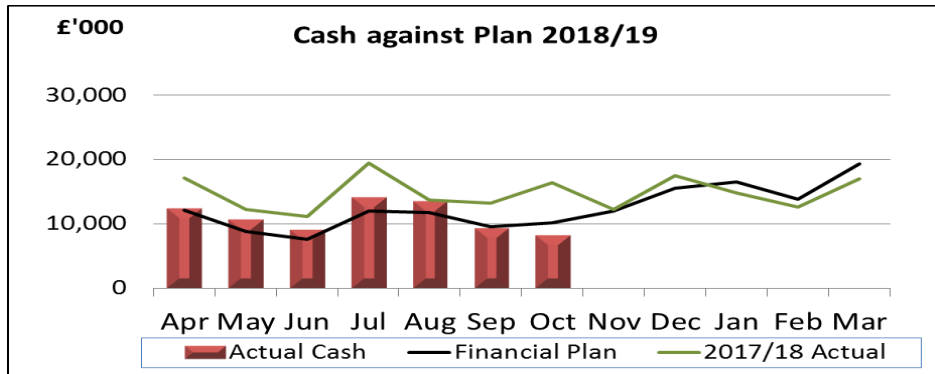
Drugs



Drugs are overspent in month by £0.09m.

Summary Charts - Cash and Capital

Cash

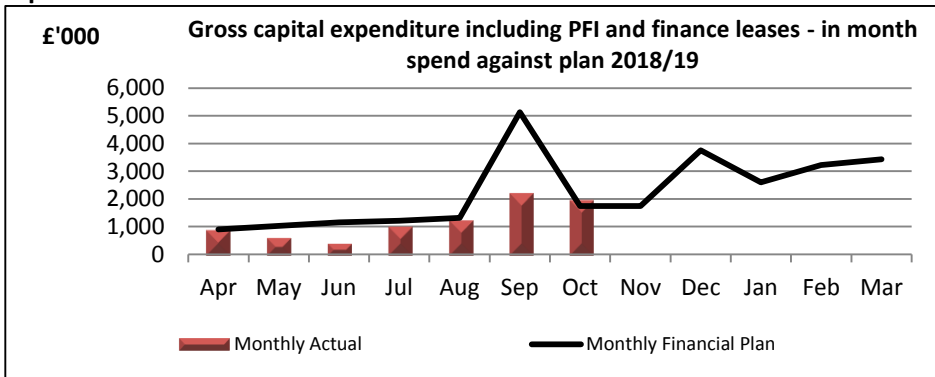


The cash balance as at 31st October 2018 is £8.1m, £2.0m below the plan at month seven. The key drivers for this are:

- higher income received of £14.3m (of which £1.2m related to 17/18) and timing of BCPS payroll third party payments of £0.6m offset against higher payroll costs (£11.5m) and higher than plan payment runs (£4.4m).

- PDC payment not yet received for Stroke (£3.25m) and the liner accelerator (£1.7m) these are now forecast for December and November respectively. This has been offset by lower than planned capital cash settlement, resulting in cash benefit £3.7m; mainly due to capital programme being marginally behind plan.

Capital



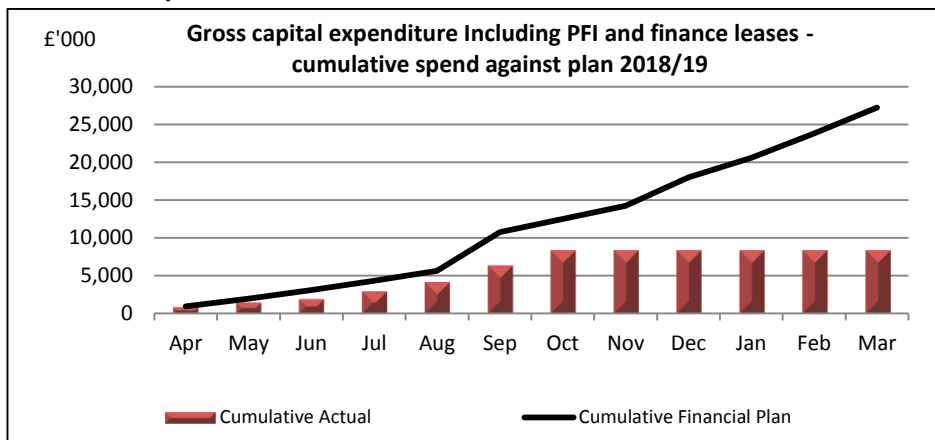
Capital expenditure as at 31st October 2018, including PFI & finance leases, is £8.4m against a plan of £14.2m. The £14.2m plan figure includes £2m planned PFI additions that have not yet occurred and £1.7m Linear Accelerator expenditure that will be accounted for in November.

The capital resource limit (CRL) for the year is anticipated to be £29.9m.

The CRL figure is made up of planned estates development programmed spend of £22.5m plus an additional £0.5m relating to Cladding Replacement (ACM), Winter funding of £1.9m and PFI additions of £5m.

Further detail on capital performance and plan is provided in the report of the Head of Estates Development, presented to the Finance and Performance Committee.

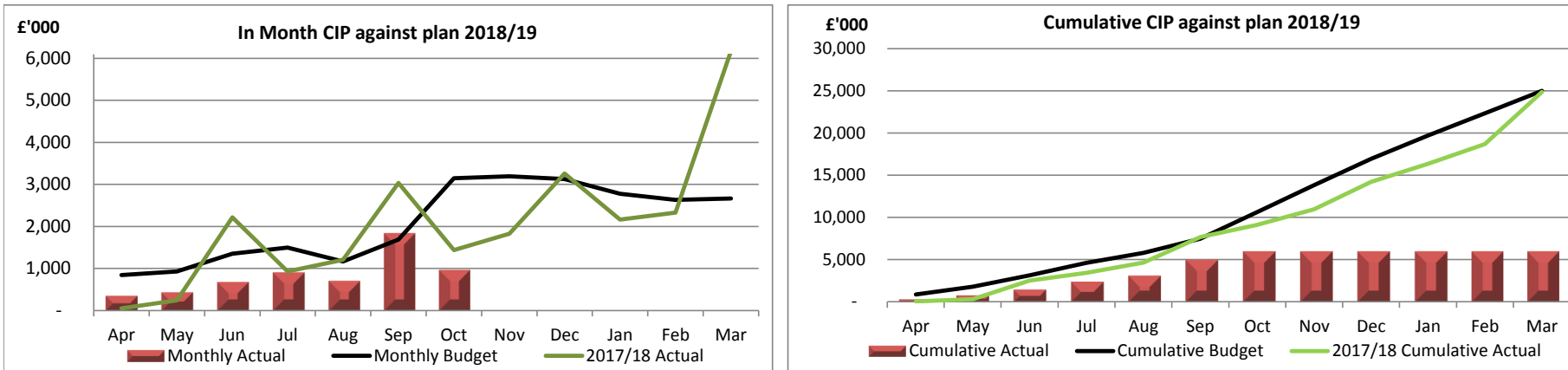
Cumulative capital



Cost Improvement Plan

Year-to-Date Delivery

The charts below show the in-month and cumulative delivery of CIP against the month-on-month plan:



- At month seven, the Trust has achieved £5.92m of CIP savings, compared to budgeted plan of £10.62m which is an achievement of 56% of the year to date target.

Annual Plan

The cost improvement plan target for the year is £25m. The table below shows what has been identified and delivered:

	Annual Plan £000	Blue (withdrawn from budgets) £000	Still to be achieved Categorised by Risk Rating					Total £000
			Green £000	Yellow £000	Amber £000	Red £000		
Division 1	9,920	1,574	0	281	113	7,953	8,346	
Division 2	6,290	1,127	0	227	0	4,936	5,162	
Division 3	4,248	817	0	240	383	2,808	3,432	
Estates & Facilities	2,892	1,222	0	93	0	1,577	1,670	
Corporate	1,650	1,394	0	94	59	102	255	
Trustwide	0	1,407	0	1,200	0	(2,607)	(1,407)	
Total 2018/19 Schemes	25,000	7,542	0	2,134	556	14,768	17,458	
Recurrent (FYE)	15,000	1,878	0	2,317	0	10,805	13,122	

- At the end of month seven, £7.54m of annual budgets have been removed which is an overall achievement of 24% of the annual budgeted target, with £1.88m being the recurrent full year effect.

- The Trust has profiled its CIP internally to achieve 12% in Q1, 17% in Q2, 38% in Q3 and 32% in Q4.

Financial Targets

1) Single Oversight Framework

	Measure	Annual Plan		YTD achievement		Forecast achievement		Definitions:
		Performance	Rating	Performance	Rating	Performance	Rating	
Capital Service Cover rating	Multiples	2.693	1	1.297	3	2.612	1	Degree to which the provider generated income covers its financial obligations.
Liquidity rating	Days	-0.592	2	-11.888	3	-0.598	2	Cash plus trade debtors less trade creditors expressed as days of current year operating expenses.
I&E margin	%	2.0%	1	-1.6%	4	1.8%	1	I&E surplus or deficit/ total revenue.
I&E margin: distance from financial plan	%	0%	1	-1.4%	3	-0.2%	2	Year to date actual I&E surplus or deficit/ year to date planned I&E surplus or deficit.
Agency rating	%	-2.7%	1	-9.64%	1	-2.08%	1	Distance from provider's agency cap.
Overrides			None				None	
Overall risk rating after any overrides			1		3		1	

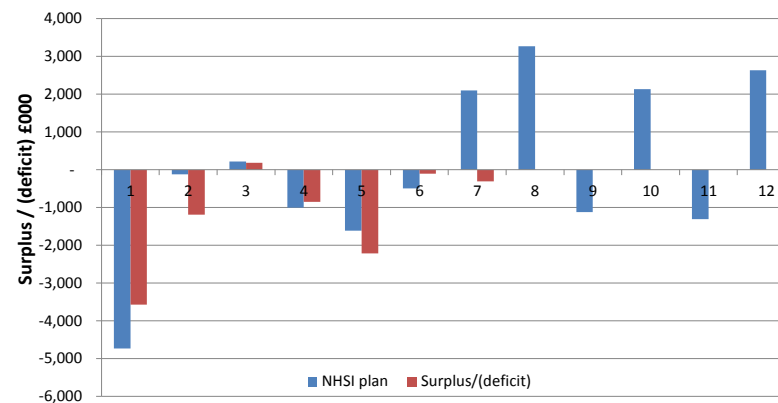
2) Performance Against Financial Limits

The performance against financial limits* is set out below:

	Target (£'000)	Performance (£'000)	RAG
I&E target performance (excl PSF) Month 7	(5,668)	(8,060)	RED
CIP Target Month 7	10,615	5,920	RED
Anticipated Capital Resource Limit (annual)	29,905	29,905	GREEN
External Financing Limit (annual)	4,854	4,854	GREEN
Capital Cost Absorption Rate (annual)	3.5%	3.5%	GREEN

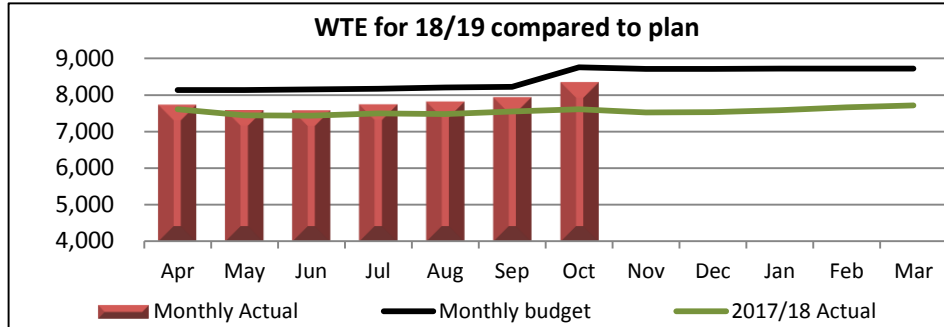
*The financial limits (targets) included in this section of the report are taken from the Trust's annual operating plan which is used by NHSI to monitor performance. The Trust has a more ambitious internal CIP profile.

Surplus/ (deficit) (excl. PSF) compared to NHSI plan :



Further Analysis - Pay

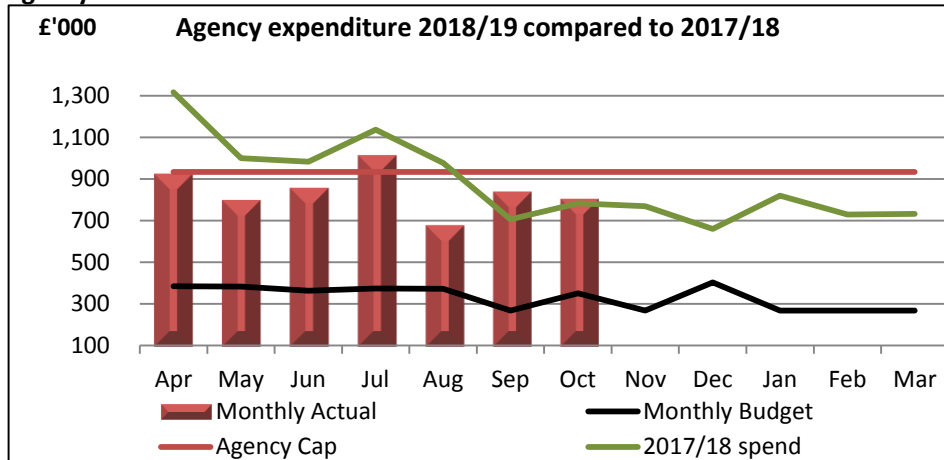
WTE



In month seven there are 8,334 WTEs in post, against a plan of 8,778 WTE, which is an increase of 407 from month six due to Black Country Pathology.

There were 120 vacant posts in Division 1, an over establishment of 23 posts in Division 2, 88 vacant posts in Division 3, Estates and Facilities has 92 vacancies, Corporate has 70 vacant posts and Black Country Pathology has 11 vacant posts.

Agency



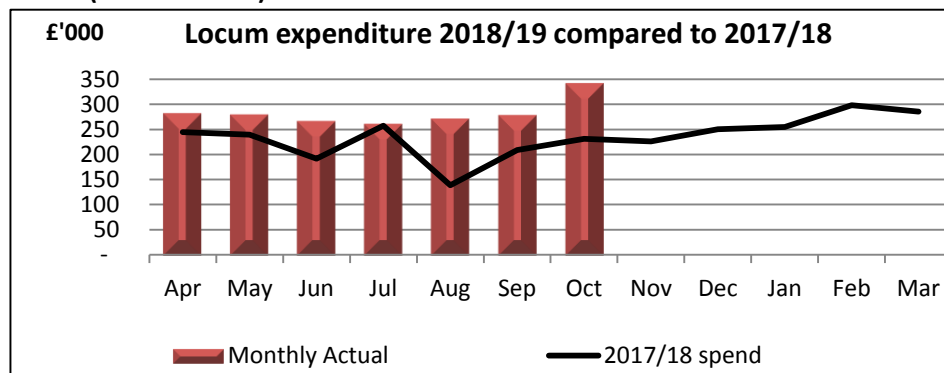
In month seven agency expenditure of £0.80m was incurred which is a £0.03m reduction compared to month six.

The key areas of spend were Emergency Services Group £0.23m, Orthopaedics £0.09m, Rehab & Ambulatory £0.08m, Oncology & Clinical Haem £0.07m, and Primary Care Services £0.07m.

The agency cap for 2018/19 is £11.2m.

The trend is that agency expenditure continues to fall which correlates with the increased recruitment levels but is also a factor of medical bank increasing.

Locum (Medical Bank)



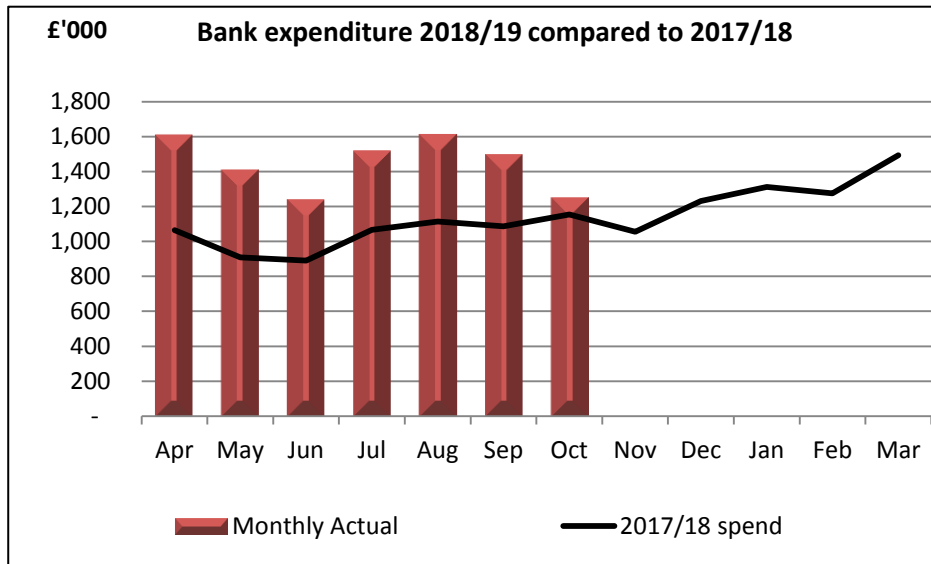
In month seven locum expenditure was £0.34m, an increase of £0.06m from month six.

The in month expenditure mainly occurred in Emergency Services £0.07m, Dermatology £0.06m, General Surgery £0.03m and Orthopaedics £0.03m.

Medical bank continues to increase as the reliance on agency medical staff decreases.

Further Analysis - Pay (2)

Bank



In month seven bank expenditure was £1.26m an reduction of £0.25m compared to month six.

The main areas of expenditure are: Emergency Services Group £0.21m, Hotel Services £0.17m, Medical Services £0.12m, General Surgery £0.11m Rehab & Ambulatory £0.11mand Critical Care £0.10m.

The expenditure on bank staffing has fallen for the third month in a row which is a positive sign and correlates with the increase in permanent recruitment.

Patient Activity & Income Month 7 2018/19

Summary

- The Trust is above plan against income by £5,929k YTD, with Month 7 being £1,046k above plan.
- The income relating to cost per case activities is above plan by £2,649k.
- The income is £9,424k higher than the same period of last year.
- The Forecast is shown as break even as although income is above plan the planned levels of growth have been phased into later periods of the year.

Total Patient Income

	Actual/		Variance
	Plan	Forecast	
	£000's	£000's	£000's
In Month M7	£40,986	£42,032	£1,046
Year-to-Date M1 - M7	£271,733	£277,662	£5,929
Year-End Forecast	£471,300	£471,300	£0

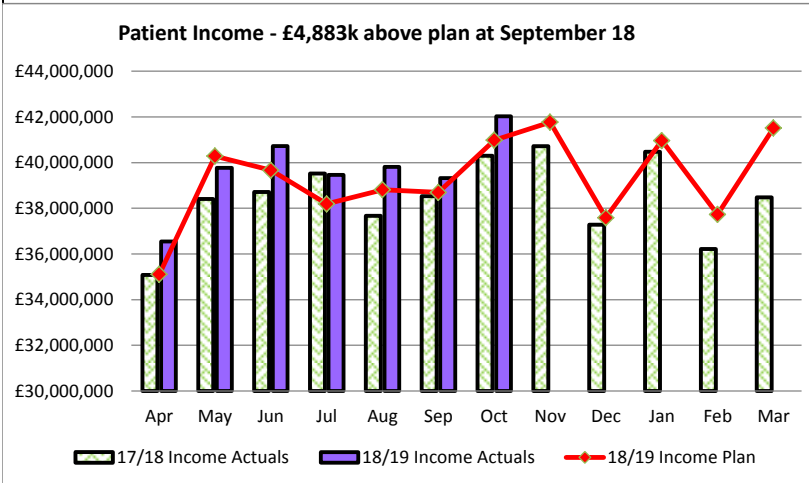


Table 2:- Income Split & Underlying Position

	£000's			
	FYE Plan	YTD Plan	YTD Actual	YTD Var
Activity Based Income				
Inpatient (Elective & Non Elective)	145,032	82,183	84,454	2,270
Day Case	39,760	23,181	22,098	(1,082)
Outpatient (First, FUP, OPPROC)	74,984	43,176	42,701	(474)
A&E	17,873	10,109	10,681	573
Direct Access (Pathology, Radiology)	8,443	4,973	5,089	116
Critical Care (Adult, Neonatal)	16,589	9,500	10,310	810
Other Activity Based Income	45,450	26,110	26,546	436
Sub Total Income relating Activities	348,132	199,231	201,879	2,649
Pass-through	54,523	32,447	32,550	103
Block Contracts	17,439	10,216	10,227	11
CQUIN	7,648	4,461	4,302	(160)
Community (Activity & CQUIN)	38,795	22,599	22,421	(178)
Adjustments/Other	4,763	2,779	6,283	3,504
Total Patient Income	471,300	271,733	277,662	5,929
Less Non Recurrent				
CCH Transitional Funds	(6,000)	(3,500)	(3,500)	0
CC2H Transitional Funds	(1,107)	(646)	(646)	0
Urgent Care Centre Transitional Funds	(1,000)	(583)	(583)	0
Other (Fine, Reads, MRET Return/Old Year etc)	0	0	(4,150)	(4,150)
Underlying Patient Income	463,193	267,004	268,783	1,779

Table 1:- Financial values by CCG, NHS England and Local Authority

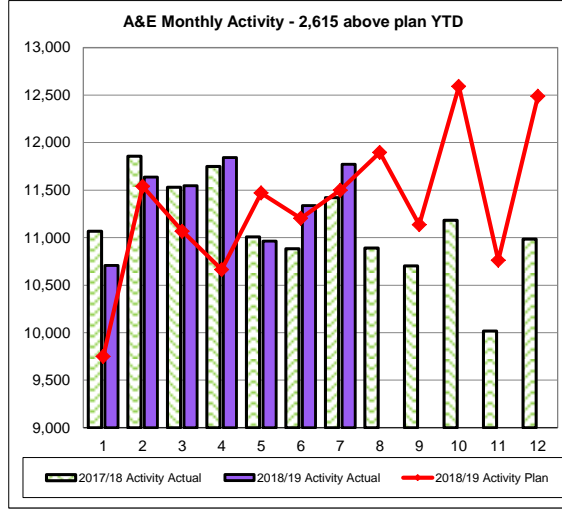
	£000's			
	FYE Plan	YTD Plan	YTD Actual	YTD Var
CCG Income	342,816	200,781	200,193	(588)
NHSE Income	105,154	61,373	60,806	(567)
Local Authority Income	8,223	4,813	4,813	0
Non Contract/Prov to Prov/Other	15,107	4,767	11,850	7,083
Overall Contracted Income	471,300	271,733	277,662	5,929

Patient Activity & Income Month 7 2018/19

Income by Point of Delivery

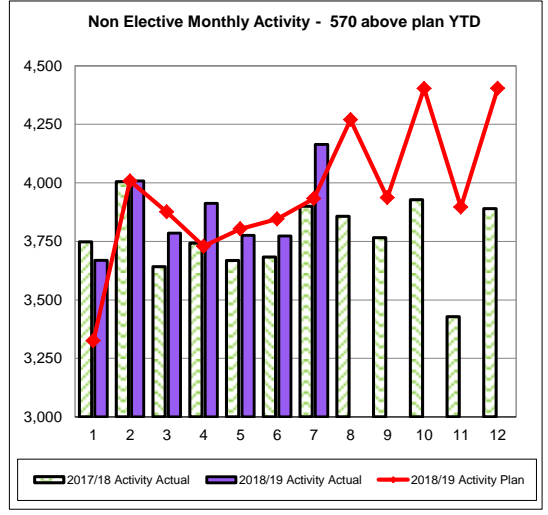
A&E Attendances			
	Plan	Actual/Forecast	Variance
	£000's	£000's	£000's
In Month M7	£1,510	£1,575	£65
Year-to-Date M1 - M7	£10,109	£10,681	£573
Year-End Forecast	£17,873	£17,873	£0

- A&E activity is above the plan YTD and is 291 attendances higher YTD than the same period of last year. The income YTD is £316k higher than the same period of last year.
 - The activity and income would suggest a more complex case mix of patients are attending the A&E Department.



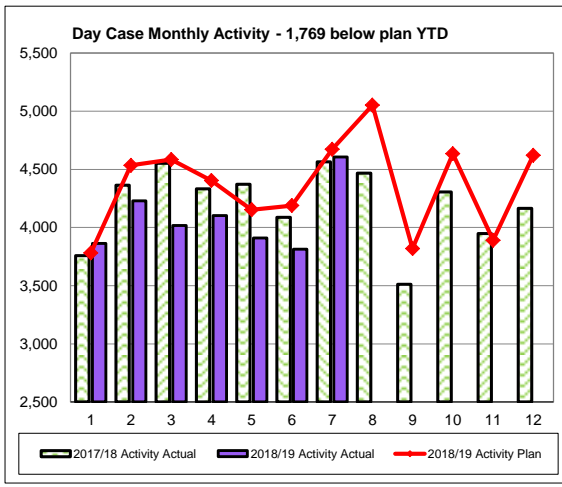
Non Elective Admissions (incl XBDs & MRET)			
	Plan	Actual/Forecast	Variance
	£000's	£000's	£000's
In Month M7	£9,558	£9,793	£236
Year-to-Date M1 - M7	£63,498	£65,116	£1,618
Year-End Forecast	£112,825	£112,825	£0

- The NEL activity is 798 spells and £2,811k higher than the same period of 2017/18.
 - Trauma & Orthopaedics remains the biggest over performance at 254 spells and £1,133k.
 - Paediatrics has the biggest under performance at 677 spells and £529k.
 - Up to Month 7 there is a deduction of £1,572k for the NEL Emergency Threshold.



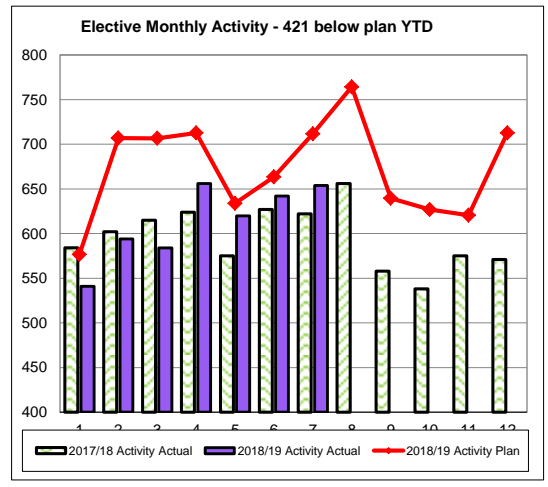
Day Cases			
	Plan	Actual/Forecast	Variance
	£000's	£000's	£000's
In Month M7	£3,541	£3,460	(£81)
Year-to-Date M1 - M7	£23,181	£22,098	(£1,082)
Year-End Forecast	£39,760	£39,760	£0

- The cumulative Day Case activity is 1,769 cases below plan and £1.082k below plan. The highest under performing specialties are being investigated.
 - The cumulative activity at month 7 is 1,397 cases and £819k lower than the same period of last year.
 - Clinical Haematology has the biggest YTD under performance at 679 cases below plan and £572k. The performance is currently under investigation.
 - General Surgery is also showing a large under performance at Month 7 at 291 cases below plan and £312k.
 - Orthopaedics is under performing by 157 cases and £131k.



Elective Admissions (incl XBDs)			
	Plan	Actual/Forecast	Variance
	£000's	£000's	£000's
In Month M7	£2,826	£2,928	£102
Year-to-Date M1 - M7	£18,686	£19,338	£652
Year-End Forecast	£32,207	£32,207	£0

- Elective activity is 421 spells below the plan YTD but income is £560k above plan YTD.
 - The activity is 42 spells higher than the same period last year with income £1,503k higher which suggests a richer case mix of activity is being seen. This is mainly due to the over performance in T&O activity.
 - There is a significant over performance in T&O at 189 spells and £1,358k.
 - Cardiology has the biggest under performance at 142 spells and £349k.
 - Urology remains under plan at 204 spells and £346k.

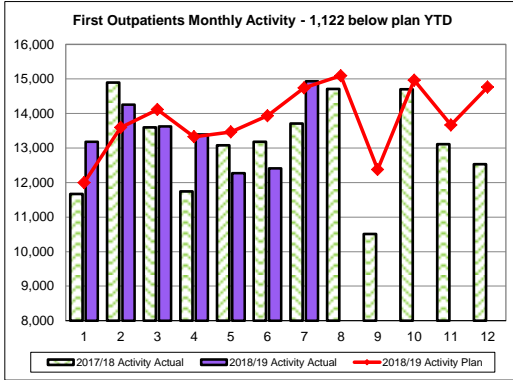


Income by Point of Delivery

	Actual/			Variance
	Plan	Forecast	Actual/	
	£000's	£000's	£000's	£000's
In Month M7	£2,301	£2,301	£2,301	£0
Year-to-Date M1 - M7	£14,788	£14,597	£14,597	(-£192)
Year-End Forecast	£25,853	£25,853	£25,853	£0

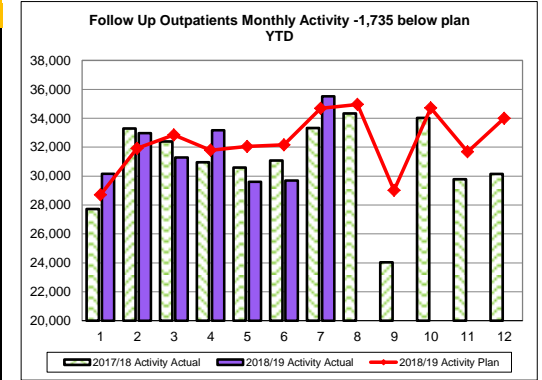
- The activity in Month 7 is 1,122 appointments below plan.
 - The biggest specialties below plan are Ophthalmology at 1,147 and Womens & Neonatal at 1,050 under plan.
 - Children's Services continues to be the highest over performing Directorate at 2,117 and £371k. This is off setting the large under performance in Non Elective activity.
 - First Outpatient appointments are higher YTD than the same period last year by 2,275 at £536k.

Activity by Point of Delivery



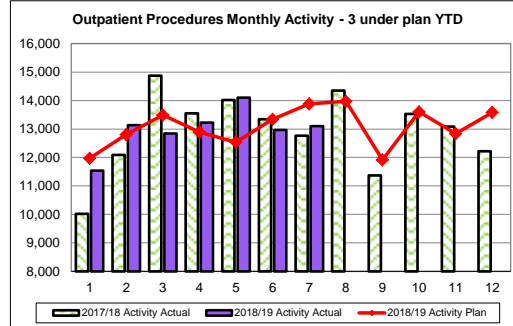
	Actual/			Variance
	Plan	Forecast	Actual/	
	£000's	£000's	£000's	£000's
In Month M7	£2,498	£2,527	£2,527	£29
Year-to-Date M1 - M7	£16,069	£15,853	£15,853	(-£216)
Year-End Forecast	£27,924	£27,924	£27,924	£0

- The Month 7 follow up appointments are 1,735 below plan at £217k.
 - Follow Up Outpatients are 3,310k higher YTD than the same period last year and income is £211k higher, this relates to the year on year increase in First Outpatients.
 - The below plan areas are Dermatology, Womens & Neonatal, Critical Care and Gastro & Endoscopy.
 - Oncology and Occupational Therapy are areas significantly above plan.



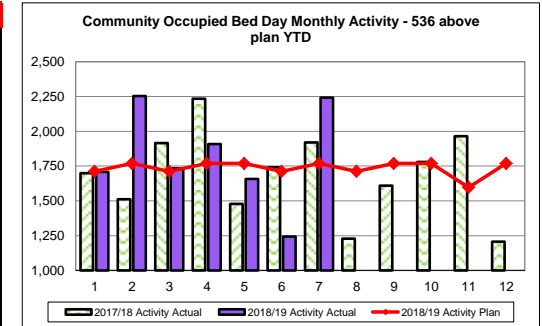
	Actual/			Variance
	Plan	Forecast	Actual/	
	£000's	£000's	£000's	£000's
In Month M7	£1,923	£1,755	£1,755	(-£169)
Year-to-Date M1 - M7	£12,318	£12,252	£12,252	(-£67)
Year-End Forecast	£21,207	£21,207	£21,207	£0

- The Month 7 Outpatient Procedure activity is 3 below plan at £67k.
 - Ophthalmology is the biggest over performing Directorate at 1,389 at £151k
 - Outpatient Procedure activity is 899 lower YTD than the previous year and income is £263k higher.



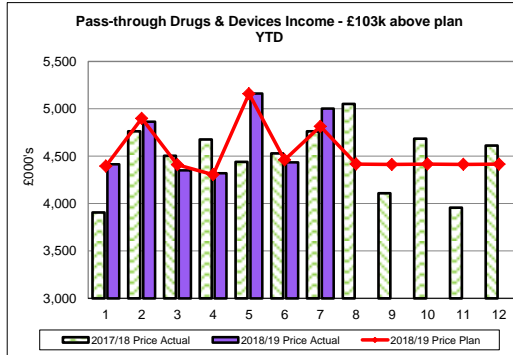
	Actual/			Variance
	Plan	Forecast	Actual/	
	£000's	£000's	£000's	£000's
In Month M7	£3,362	£3,314	£3,314	(-£48)
Year-to-Date M1 - M7	£22,599	£22,421	£22,421	(-£178)
Year-End Forecast	£38,795	£38,795	£38,795	£0

- Work ongoing with Wolverhampton CCG in regard to an additional £650k investment into the Community Contract. The quarter 2 review is due to take place in October.
 - District Nursing activity is 14,396 below plan. New monitoring reports have been developed and review meetings are taking place.
 - Phlebotomy activity is 6,161 above plan



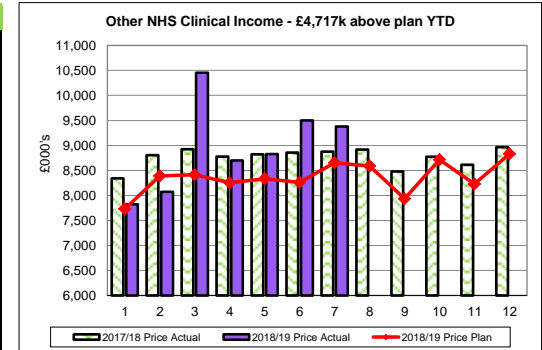
	Actual/			Variance
	Plan	Forecast	Actual/	
	£000's	£000's	£000's	£000's
In Month M7	£4,810	£5,002	£5,002	£193
Year-to-Date M1 - M7	£32,447	£32,550	£32,550	£103
Year-End Forecast	£54,523	£54,523	£54,523	£0

- The under performance in Drugs & Devices relates to the Zero Cost National Procurement initiative where high cost devices are now being commissioned centrally for the whole NHS. RWT can now order some devices at a zero cost and as such there is no value to pass-through to Commissioners. Any under performance of income is off set by an under spend in costs.



	Actual/			Variance
	Plan	Forecast	Actual/	
	£000's	£000's	£000's	£000's
In Month M7	£8,657	£9,376	£9,376	£719
Year-to-Date M1 - M7	£58,038	£62,756	£62,756	£4,717
Year-End Forecast	£100,333	£100,333	£100,333	£0

- This section relates to all other income not previously described. There is a mixture of some activity based services such as Critical Care, Renal Dialysis and Direct Access services.
 - This section also includes any technical adjustments such as Transitional Funding, Fines, Readmissions and adjustments in regard to reconciliation.





Charitable Funds

2018/19 Q2 Information

The table below shows a draft summary for information relating to the value and movement in The Royal Wolverhampton NHS Trust Charity Funds for the period 1st July 2018 to 30th September 2018. The more significant income items over £2k and spend over £4k have been detailed below along with a comparative summary table for the previous 12 months.

Opening balance 1 July 2018 £'000	Donations £'000	Investment Income £'000	Expenditure £'000	Realised Gains/(Losses) as at 30 Sept 2018 £'000	Closing balance 30 Sept 2018 £'000
2,711	123	24	(113)	0	2,745

INCOME	EXPENDITURE	PREVIOUS 12 MONTHS AT A GLANCE				
		Summary	2017/18 Q2	2017/18 Q3	2017/18 Q4	2018/19 Q1
<ul style="list-style-type: none"> • Ophthalmology - £49k – WEI League of Friends (disbanded) • NNU - £3k – WARRANT • Stroke - £4k – WARRANT • Breast Care -£4k – Garden Party • NNU - £4k – Various Fundraisers • NX General Purpose - £59k – Legacy 	<ul style="list-style-type: none"> • Maternity - £7k – Bladder Scanner • ENT - £8k – Ear Surgery Equipment • Haematology - £6k – Air Filter Units for wards • Cardiac - £21k – Ultrasound system • NNU - £13k – Video Laryngoscope • Paediatrics - £5k – Airvo Opiflow Systems • Apportioned Costs • Trust Administration and Fundraising Recharge - £27k 	Opening Balance Bfwd	2,471	2,570	2,619	2,642
		Income	215	171	553	174
		Expenditure	(116)	(123)	(452)	(105)
		Gains/(Losses)	0	1	(78)	
		Closing Balance Cfwd	2,570	2,619	2,642	2,711

Appendix A:

Income and Expenditure Account

October 2018 - Month 7								
<i>Adverse in (brackets)</i>								
2017/18 Actual to date	Current Month Plan	Current Month Actual	Current Month Variance		Annual Budget	Plan to Date	Actual to Date	Variance to Date
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
Income								
227,937	40,986	42,032	1,046	Patient Activity Income	471,300	271,733	277,662	5,929
630	96	160	64	Other Patient Care Income	1,154	673	848	175
8,243	1,149	1,351	202	Education, Training & Research Income	15,273	9,394	10,403	1,009
13,657	2,028	2,028	(0)	CRN: West Midlands	27,726	15,812	15,812	(0)
114	390	357	(34)	Non Patient Care Other Income	4,690	2,737	2,751	14
496	81	64	(17)	Private Patient Income	836	508	515	7
14,126	4,605	4,509	(96)	Income on Directorate Budgets	43,959	21,909	21,594	(315)
265,203	49,335	50,501	1,166	Total Income	564,938	322,766	329,586	6,819
Expenditure								
161,901	29,845	31,049	(1,204)	Directorate Expenditure Budgets - Pay	348,322	198,216	205,113	(6,897)
52,857	9,203	10,204	(1,000)	Directorate Expenditure Budgets - Non Pay	111,673	64,024	65,749	(1,725)
27,477	5,095	5,182	(87)	Directorate Expenditure Budgets - Drugs	57,818	34,170	34,426	(256)
13,657	2,028	2,028	0	CRN: West Midlands	27,726	15,812	15,812	0
0	817	0	817	Activity Changes/Service Dev./Cost Pressures Reserves	6,049	1,715	0	1,715
0	(47)	0	(47)	Inflation and Contingency Reserves	1,903	2,420	0	2,420
0	(2,118)	0	(2,118)	Cost Improvement Savings	(17,401)	(4,638)	0	(4,638)
255,892	44,823	48,462	(3,640)	Total Expenditure	536,089	311,719	321,100	(9,382)
9,311	4,512	2,039	(2,473)	EBITDA Surplus/(Deficit)	28,848	11,048	8,485	(2,562)
21	0	19	19	Profit/(Loss) on Asset Disposals	0	0	23	23
0	0	0	0	Impairments of Fixed Assets	0	0	0	0
(7,541)	(1,361)	(1,311)	50	Depreciation	(16,282)	(9,345)	(9,174)	171
16	3	10	6	Interest Receivable	40	23	60	37
(855)	(169)	(175)	(6)	Interest Payable	(2,030)	(1,183)	(1,212)	(30)
(4,840)	(907)	(907)	0	PDC Dividends (Cost of Capital)	(10,880)	(6,347)	(6,347)	0
0	0	0	0	Unwinding of Discount	0	0	0	0
(3,887)	2,078	(327)	(2,405)	Net Surplus/(Deficit) before PSF income	(304)	(5,804)	(8,164)	(2,361)
Adjustments as per NHSI reported position								
110	19	16	(3)	Depreciation on donated assets	233	136	119	(17)
(40)	0	0	0	Donated Asset Income	0	0	(15)	(15)
0	0	0	0	Remove Impairments	0	0	0	0
(3,818)	2,098	(310)	(2,408)	Adjusted Financial Performance as NHSI (before PSF income)	(71)	(5,668)	(8,060)	(2,392)
3,463	1,142	0	(1,142)	PSF Income	11,415	5,137	2,797	(2,341)
(355)	3,240	(310)	(3,550)	Adjusted Financial Performance as NHSI (after PSF income)	11,344	(531)	(5,263)	(4,732)

Statement of Financial Position

Calculated Debtor Days for the year to date are:-

	M7 Actual	M7 Plan	M6 Actual
Total	16.32	11.58	13.17
Being:-			
NHS	18.24	12.55	13.96
Non NHS	6.79	5.83	9.24

The Public Sector Payment Policy sets out a target for payment of 95%, in value and volume, to be paid within 30 days of receipt. The Trust's performance against this target is:

	M7 18/19	Cumulative
- Value	63%	64%
- Volume	37%	39%

	M6 18/19	Cumulative
- Value	65%	65%
- Volume	34%	40%

In month, there has been an improvement within the figures for PSPP. Although as a whole, the 2018/19 performance on PSPP appears to have significantly deteriorated, this is not the case. Rather the Trust has reviewed the methodology and changed the practice of adding 5 days to the payment window to account for postage. The Trust is now measuring 30 days from the date of receipt in the department.

	<u>Oct 2018</u> <u>Plan</u>	<u>Oct 2018</u> <u>Actual</u>	<u>Sep 2018</u> <u>Actual</u>	<u>Movement</u> <u>in Month</u>	<u>March 2018</u> <u>Actual</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
NON CURRENT ASSETS					
Property, Plant and Equipment - Tangible Assets	332,740	330,311	330,200	111	331,547
Intangible Assets	907	1,564	1,006	558	1,115
Trade and Other Receivables Non Current	0	0	0	0	0
TOTAL NON CURRENT ASSETS	333,647	331,875	331,206	669	332,662
CURRENT ASSETS					
Inventories	6,357	6,619	6,578	41	6,357
Trade and Other Receivables	36,265	42,241	34,746	7,495	35,571
Other Current Assets	0	0	0	0	0
Cash and cash equivalents	10,120	8,208	9,289	(1,081)	16,982
TOTAL CURRENT ASSETS	52,742	57,068	50,613	6,455	58,910
Non Current Assets Held for Sale	800	800	800	0	800
TOTAL ASSETS	387,189	389,743	382,619	7,124	392,372
CURRENT LIABILITIES					
Trade & Other Payables	(48,352)	(61,153)	(53,692)	(7,461)	(56,176)
Liabilities arising from PFIs / Finance Leases	(1,979)	(1,979)	(1,979)	0	(1,979)
Provisions for Liabilities and Charges	(6,219)	(5,155)	(5,037)	(118)	(6,206)
TOTAL CURRENT LIABILITIES	(56,550)	(68,287)	(60,708)	(7,579)	(64,361)
NET CURRENT ASSETS / (LIABILITIES)	(3,808)	(11,219)	(10,095)	(1,124)	(5,451)
TOTAL ASSETS LESS CURRENT LIABILITIES	330,639	321,456	321,911	(455)	328,011
NON CURRENT LIABILITIES					
Other Liabilities	(4,134)	(4,123)	(4,292)	169	(5,299)
Provision for Liabilities and Charges	(581)	(581)	(581)	0	(594)
TOTAL NON CURRENT LIABILITIES	(4,715)	(4,704)	(4,873)	169	(5,893)
TOTAL ASSETS EMPLOYED	325,924	316,752	317,038	(286)	322,118
FINANCED BY TAXPAYERS EQUITY					
Public Dividend Capital	237,452	232,753	232,753	0	232,753
Retained Earnings	20,928	16,301	16,584	(283)	21,655
Revaluation Reserve	67,355	67,508	67,511	(3)	67,520
Donated Asset Reserve	0	0	0	0	0
Government Grant Reserve	0	0	0	0	0
Other Reserves	190	190	190	0	190
TOTAL TAXPAYERS EQUITY	325,924	316,752	317,038	(286)	322,118

Cash Flow as at 31st October 2018

	October	October	October	October
	Plan £'000	Actual £'000	Variance £'000	In Month Movement £'000
OPERATING ACTIVITIES				
Total Operating Surplus/(Deficit)	6,800	2,108	(4,692)	761
Depreciation	9,345	9,174	(171)	1,312
Fixed Asset Impairments	0	0	0	0
Donated Assets received credited to revenue but non-cash	0	0	0	0
Interest Paid	(1,204)	(1,204)	0	(167)
Dividends Paid	(5,671)	(5,650)	21	0
Release of PFI /Deferred Credit	0	0	0	0
(Increase)/Decrease in Inventories	0	(262)	(262)	(41)
(Increase)/Decrease in Trade/Receivables	(693)	(6,675)	(5,982)	(7,503)
Increase/(Decrease) in Trade/Payables	(4,500)	6,817	11,317	6,485
Increase/(Decrease) in Provisions	0	(1,064)	(1,064)	118
NET CASH INFLOW/(OUTFLOW) FROM OPERATING	4,077	3,244	(833)	965
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	22	60	38	10
Payment for Property, Plant and Equipment	(14,495)	(10,902)	3,593	(1,888)
Payment for Intangible Assets	0	0	0	0
Proceeds of disposal of assets held for sale (PPE)	0	0	0	0
Proceeds from Disposals	0	0	0	0
NET CASH INFLOW/(OUTFLOW) FROM INVESTING	(14,473)	(10,842)	3,631	(1,878)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING	(10,396)	(7,598)	2,798	(913)
FINANCING				
New Public Dividend Capital Received	4,699	0	(4,699)	0
Capital Element of Finance Lease and PFI	(1,165)	(1,175)	(10)	(168)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING	3,534	(1,175)	(4,709)	(168)
INCREASE/(DECREASE) IN CASH	(6,862)	(8,773)	(1,911)	(1,081)
CASH BALANCES				
Opening Balance at 1st April 2018	16,982	16,982	0	
Opening Balance at 1st October 2018				9,289
Closing Balance at 31st October 2018	10,120	8,208	(1,912)	8,208