

# Report of the Chief Financial Officer - Month 3 30 July 2018

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Agenda Item No: 9.1

TRUST BOARD REPORT

|  |   |
|--|---|
| <b>Meeting Date:</b>                       | 30th July 2018  |
| <b>Title:</b>                              | Report of the Chief Financial Officer - Month 3   |
| <b>Executive Summary</b>                   | This paper reports the in-month, year-to-date and forecast financial position for the Trust as at Month 3. The paper also reports on delivery against financial targets.  |
| <b>Or Report of</b>                        |   |
| <b>Action requested</b>                    | <input type="checkbox"/> Make a decision<br><input type="checkbox"/> Approve<br><input checked="" type="checkbox"/> Receive for assurance<br><input type="checkbox"/> Received and noted<br>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. |
| <b>For the attention of the Board</b>      | N/A   |
| <b>Assure</b>                              | N/A   |
| <b>Advise</b>                              | N/A   |
| <b>Alert</b>                               | N/A   |
| <b>Author + Contact Details</b>            | Kevin Stringer, Chief Financial Officer - 01902 695954 kevin.stringer@nhs.net   |
| <b>Links to Trust Strategic Objectives</b> | Maintain financial health – Appropriate investment to patient services  |
| <b>Resource implications</b>               | N/A   |
| <b>CQC Domains</b>                         | 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.   |
| <b>Equality and Diversity Impact</b>       | N/A   |
| <b>Risks: BAF/TRR</b>                      | N/A   |
| <b>Risk: Appetite</b>                      | N/A   |
| <b>Public or Private</b>                   | Public  |
| <b>Other formal bodies involved</b>        | Finance and Performance Committee   |
| <b>References</b>                          | N/A   |
| <b>NHS Constitution</b>                    | In determining this matter, the Board should have regard to the Core principles contained in the Constitution of:<br>Equality of treatment and access to services<br>High standards of excellence and professionalism<br>Service user preferences<br>Cross community working<br>Best Value<br>Accountability through local influence and scrutiny                         |

# Report of the Chief Financial Officer

Finance Report  
June 2018 - Month 3



Safe & Effective | Kind & Caring | Exceeding Expectation

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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)               | (4,646)      | (4,576)      | 69             |
| Achieved PSF                     | 1712         | 1198         | (514)          |
| Control Total Surplus/ (Deficit) | (2,934)      | (3,378)      | (444)          |

The Trust is behind the year to date financial plan at month three by £444k, which is made up of £514k unachieved PSF (A&E delivery component) and £69k ahead of plan on all other budgets.

Income shows a favourable variance to plan of £2m year to date, however, there was a £2m benefit due to one off items in June, without these one off benefits patient income would be on plan year to date. Expenditure is adverse to plan by £2m year to date which is predominately due to pay expenditure exceeding the budget.

The financial performance does partly take into account the risk share agreement that has been approved with Staffordshire CCGs. This will be fully reflected after further review of the quarter 1 performance. The potential for a risk share agreement is under negotiation with Wolverhampton CCG.

The PSF achievement has been achieved on the financial target but we have not achieved the A&E element of the PSF for quarter one.

### Financial Risks

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

The key risks are:

- 1) A high activity and income plan, of which, most can be delivered within the existing cost base but some will need investment in capacity (£1-7m).
- 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 quarter one.
- 4) The nationally agreed pay award which, although trailed as fully funded, appears to be a cost pressure which is currently being calculated.
- 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 £6m funding for MSFT support.

### CIP and Vacancy Factor

In month three there has been an under recovery of £0.66m against the in-month CIP plan of £1.35m. Year to date shows an achievement of £1.49m against a plan of £3.12m. Of the CIP delivered to date, there is a £0.89m recurrent full year effect. The non-delivery of recurrent and cash releasing CIP continues to be an issue.

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

### Forecast

### Cash

At the 30th June 2018 the Trust had a cash balance of £9.0m which is £1.4m above the plan.

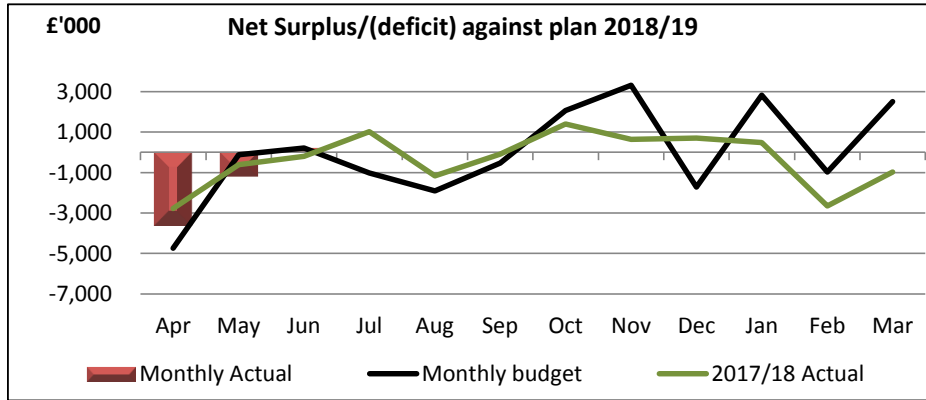
### Charity

Reported on a quarterly basis.

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

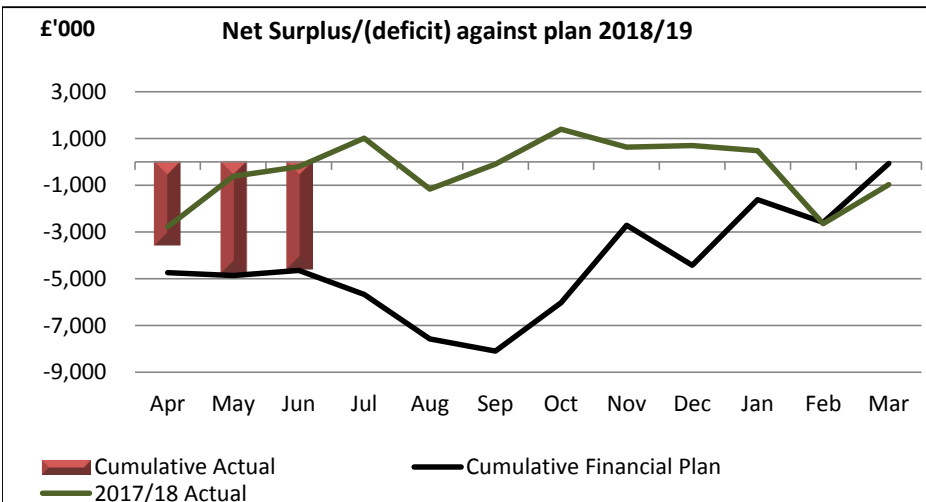
## Summary Charts - Surplus/ Deficit (excluding Provider Sustainability Funding)

### In-Month Net Surplus



In month three the Trust reported an in month surplus of £0.19m, against an in-month plan of £0.22m, this is an adverse variance of £0.03m.

The adverse variance was driven by expenditure above plan of £1.24m. This can be broken down into an adverse pay variance (£0.7m), non delivery of CIP (£0.7m) and an adverse non pay variance (£0.26m). The adverse variances were offset by underspends on the activity changes reserves (£0.3m) and inflation and contingency reserves (£0.15m). Income over performed by £1.2m mainly due to patient activity income above plan (£1.06m). The one-off items reflected in the Q1 position are within the income over performance in-month.



At month three the Trust is still on target with a year to date deficit of £4.58m against a planned deficit of £4.65m.

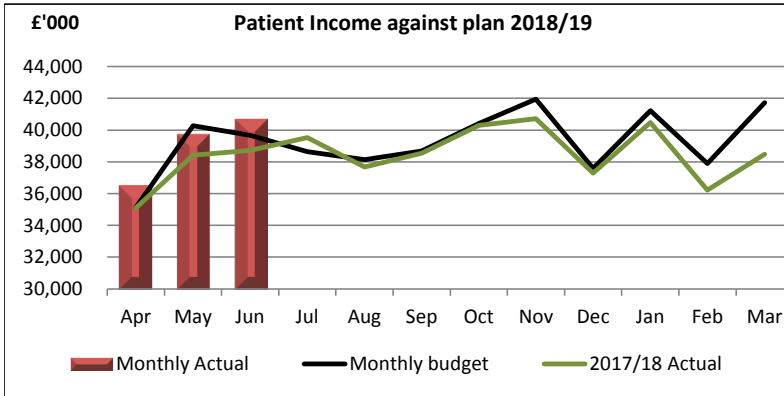
The Month 3 income position includes a release of non-recurrent contingencies of £2.04m which helped to achieve the financial target.

It should also be noted that £1.9m of earmarked reserves are not spent at the end of Q1 and this funding has been used to support the financial position. This funding will not be available to be drawn down in the latter part of 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\*

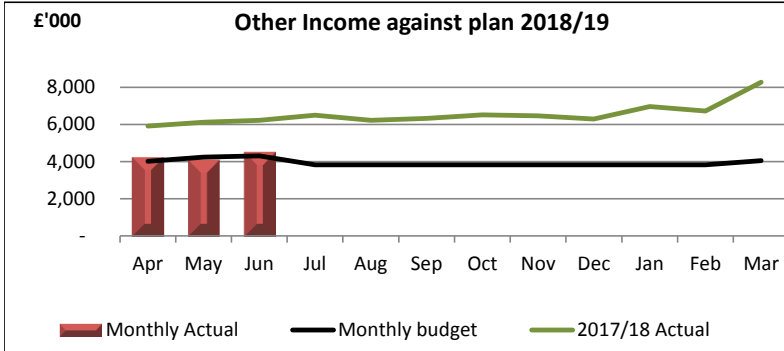


In month three, patient contract income is £40.7m which is an over performance against plan of £1.06m.

The income performance in June was high compared to the performance in June 2017 due to a non-recurrent release of £2.04m contingency. Looking at the previous 15 months' income the June 2018 income is the highest monthly income achieved. This is partly driven by the non-recurrent release but nevertheless in June the Trust has still continued to improve on income delivery.

Further detail on patient income is on page 13.

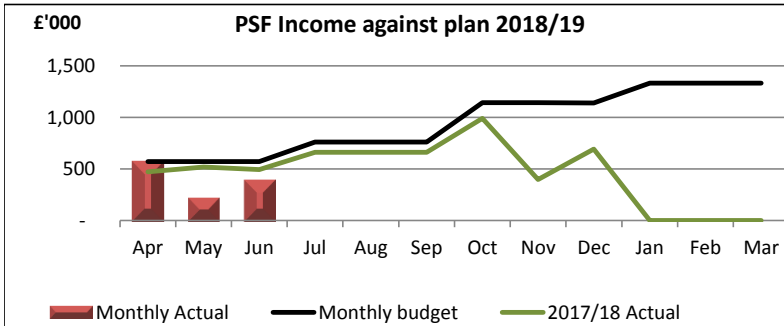
### Other Income (excluding CRN and PSF income)



Other income is overachieved in month three by £0.15m.

Education and training income in month has exceeded plan by £0.31m, and income on directorate budgets is below plan by £0.12m.

### PSF Income



Provider Sustainability Funding income is underachieved in month three by £0.17m.

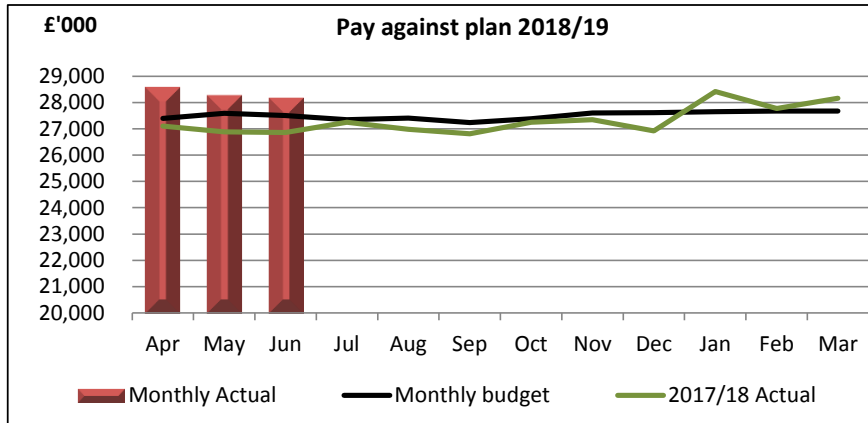
The financial target has been achieved in month but not the A&E target.

#### 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



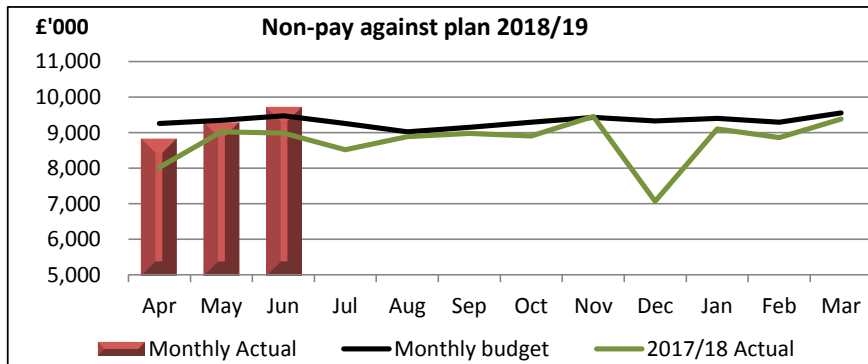
Pay is overspent in month by £0.68m against plan.

- Division 1 is overspent by £0.37m.
- Division 2 is overspent by £0.41m.
- Division 3 is on plan in month.
- Estates & Facilities is underspent £0.04m
- Corporate services is underspent by £0.05m

The Division 1 overspend is due to £308k underachieved vacancy factor, and £136k agency overspend.

The Division 2 overspend is due to £112k underachieved vacancy factor, £104k on Emergency Department medic additional support and £148k on medics including agency covering vacancies and providing support.

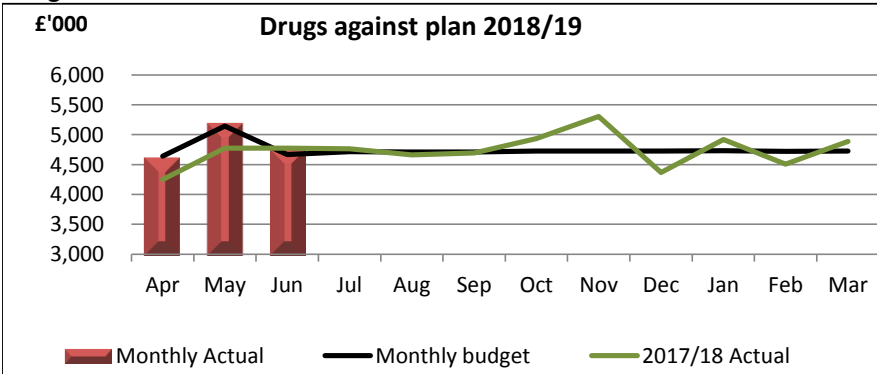
### Non-pay



Non pay is overspent against plan by £0.26m.

- Division 1 is underspent by £0.03m.
- Division 2 is on plan in month.
- Division 3 is overspent by £0.06m.
- Black Country Pathology is underspent by £0.05m
- Estates & Facilities is overspent by £0.17m
- Corporate services is overspent by £0.07m

### Drugs

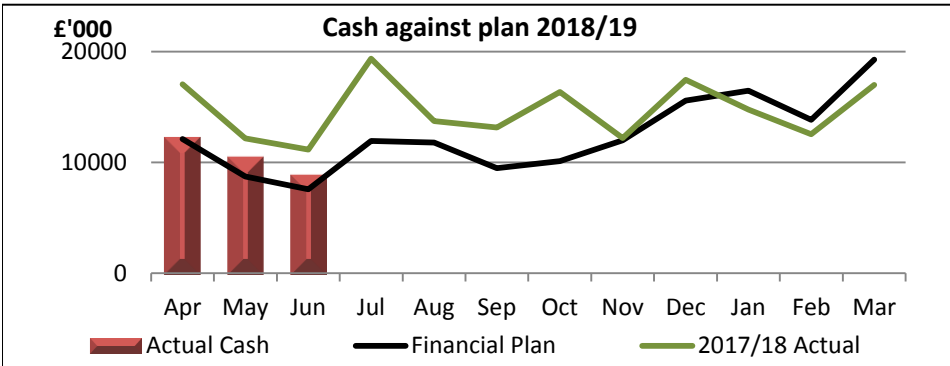


Drugs are marginally overspent in month by £0.09m.



# Summary Charts - Cash and Capital

## Cash



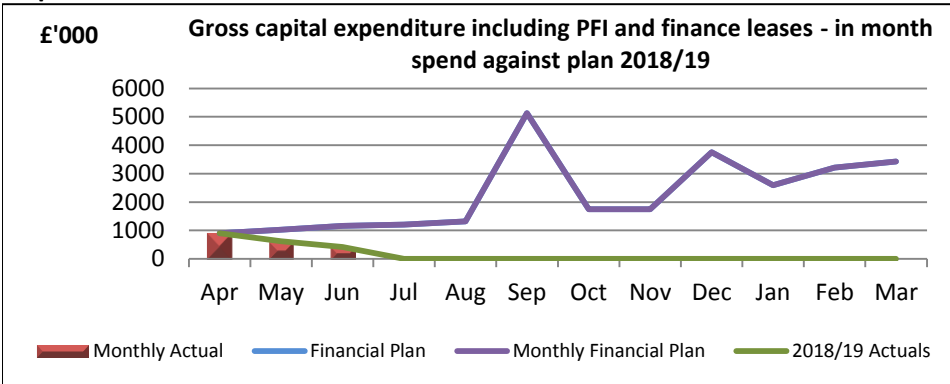
The cash balance as at 30th June 2018 is £9.0m, £1.4m above the plan at month three.

The key drivers for this are:

- capital cash payments lower than plan £1.4m mainly due to capital programme behind plan at M3, the Trust forecasts to be in line by end of the year.
- adverse operating surplus cash movement (£0.4m).
- payables higher than plan (£1.8m).
- provisions decrease (£1.0m)
- Trade receivables above plan (£0.3m)

Details are shown in Appendix 3.

## Capital



Capital expenditure as at 30th June 2018, including PFI & finance leases, is £1.9m against a plan of £3.1m.

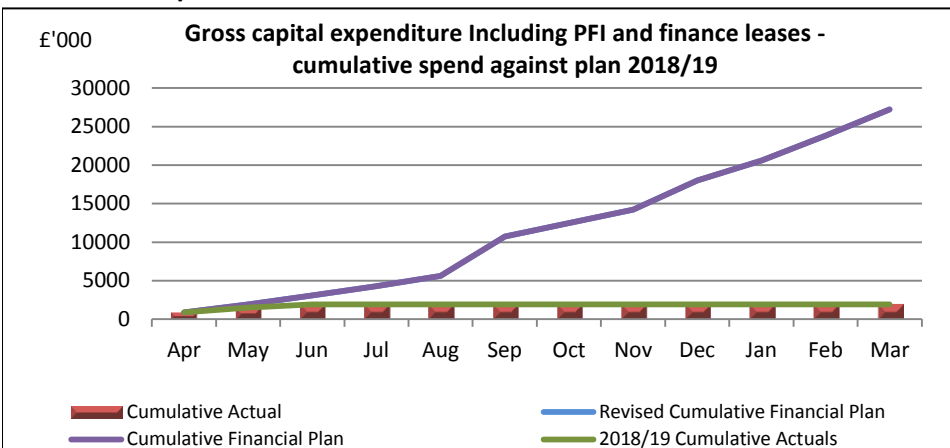
The capital resource limit (CRL) for the year is £28.4m.

The CRL figure is made up of planned estates development programmed spend of £22.2m plus an additional £1.2m relating to Cladding Replacement (ACM) and PFI additions of £5m.

The Trust is having on-going discussions as to whether it applies to NHSi to use working capital to increase the CRL which has been common practice in previous years.

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.

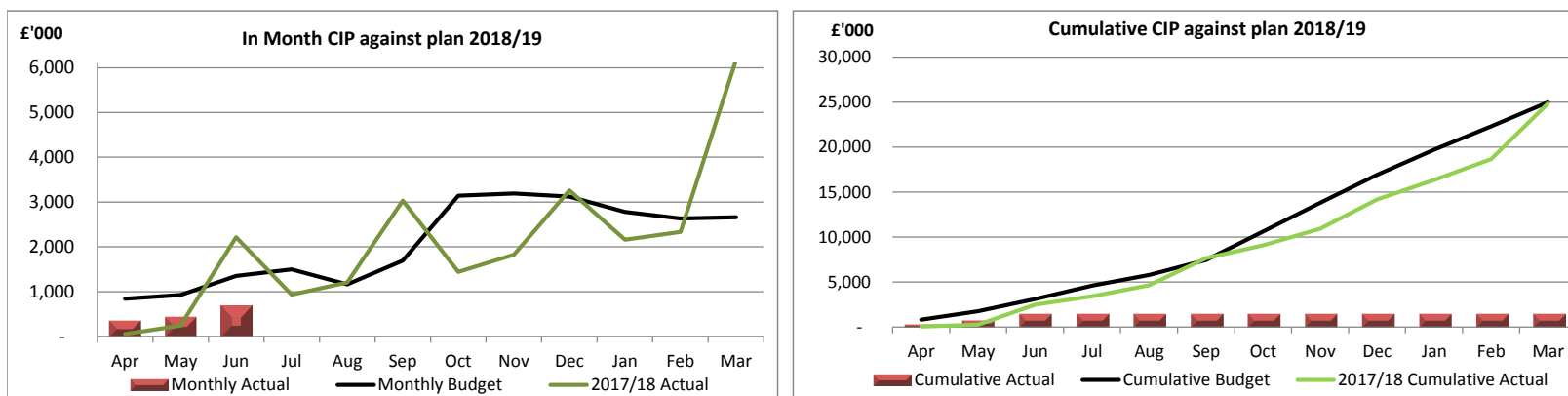
## Cumulative capital



## 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 three, the Trust has achieved £1.49m of CIP savings, compared to a plan of £3.121 which is an achievement of 48% 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<br>£000 | Blue (withdrawn from budgets)<br>£000 | Still to be achieved<br>Categorised by Risk Rating |              |            |               |               |
|------------------------------|---------------------|---------------------------------------|--|--------------|------------|---------------|---------------|
|                              |                     |                                       | Green  | Yellow       | Amber      | Red           | Total         |
|                              |                     |                                       | £000   | £000         | £000       | £000          | £000          |
| Division 1                   | 9,920               | 695                                   | 0  | 647          | 113        | 8,466         | 9,225         |
| Division 2                   | 6,290               | 260                                   | 0  | 244          | 0          | 5,786         | 6,029         |
| Division 3                   | 4,248               | 259                                   | 0  | 157          | 0          | 3,832         | 3,989         |
| Estates & Facilities         | 2,892               | 578                                   | 0  | (50)         | 0          | 2,364         | 2,314         |
| Corporate                    | 1,650               | 293                                   | 0  | 321          | 25         | 1,010         | 1,356         |
| Trustwide                    | 0                   | 1,357                                 | 0  | 0            | 0          | (1,357)       | (1,357)       |
| <b>Total 2018/19 Schemes</b> | <b>25,000</b>       | <b>3,442</b>                          | <b>0</b>   | <b>1,319</b> | <b>138</b> | <b>20,101</b> | <b>21,558</b> |
| <b>Recurrent (FYE)</b>       | <b>15,000</b>       | <b>890</b>                            | <b>0</b>   | <b>3,223</b> | <b>25</b>  | <b>10,862</b> | <b>14,110</b> |

- At the end of month three, £3.4m of annual budgets have been removed which is an overall achievement of 14% of the annual target, with £890k 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

With the submission of a revised forecast outturn the forecast achievement has deteriorated in both the I&E margin metric and the I&E margin: distance from plan metric.

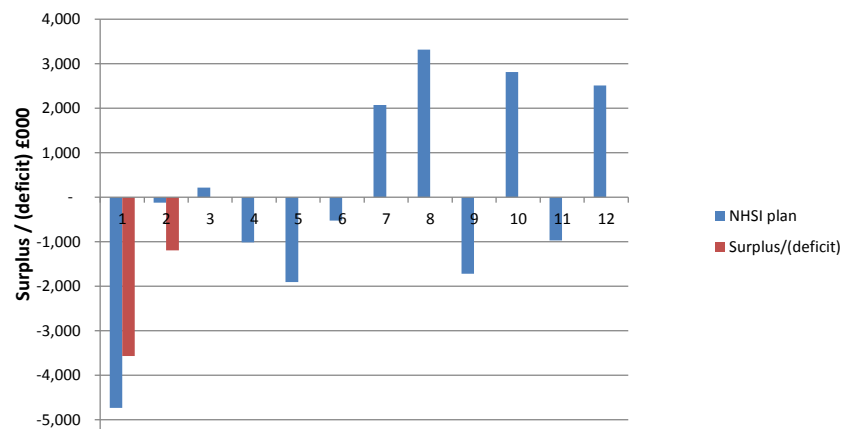
|  | Measure   | Annual Plan |        | YTD achievement |        | Forecast achievement |        | Definitions:   |
|--|-----------|-------------|--------|-----------------|--------|----------------------|--------|--|
|  |           | Performance | Rating | Performance     | Rating | Performance          | Rating |  |
| Capital Service Cover rating             | Multiples | 2.693       | 1      | 1.006           | 4      | 2.658                | 1      | Degree to which the provider generated income covers its financial obligations.                    |
| Liquidity rating                         | Days      | -0.592      | 2      | -9.276          | 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      | -2.400%         | 4      | 1.9%                 | 1      | I&E surplus or deficit/ total revenue.   |
| I&E margin: distance from financial plan | %         | 0%          | 1      | -0.200%         | 2      | 0%                   | 2      | Year to date actual I&E surplus or deficit/ year to date planned I&E surplus or deficit.           |
| Agency rating                            | %         | -2.7%       | 1      | -0.081          | 1      | -2.1%                | 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:

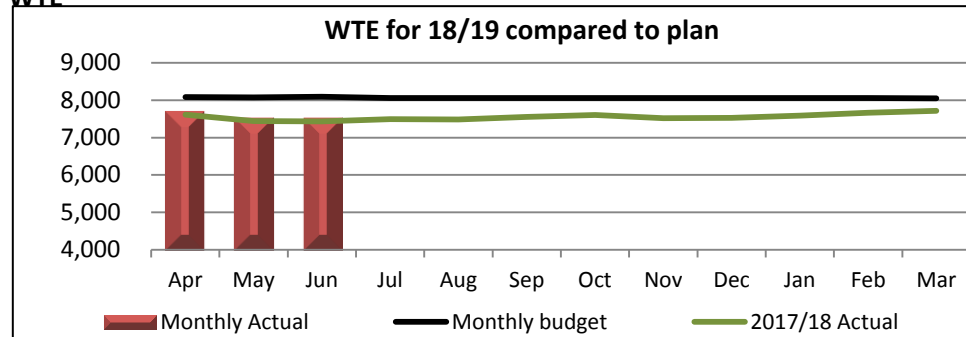
|   | Target (£'000) | Performance (£'000) | RAG   |
|---|----------------|---------------------|-------|
| I&E target performance (excl PSF) Month 3 | (4,646)        | (4,576)             | GREEN |
| CIP Target Month 3                        | 1,770          | 801                 | RED   |
| Capital Resource Limit (annual)           | 28,437         | 28,437              | GREEN |
| External Financing Limit (annual)         | 4,854          | 4,854               | GREEN |
| Capital Cost Absorption Rate (annual)     | 3.5%           | 3.5%                | GREEN |

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



## Further Analysis - Pay

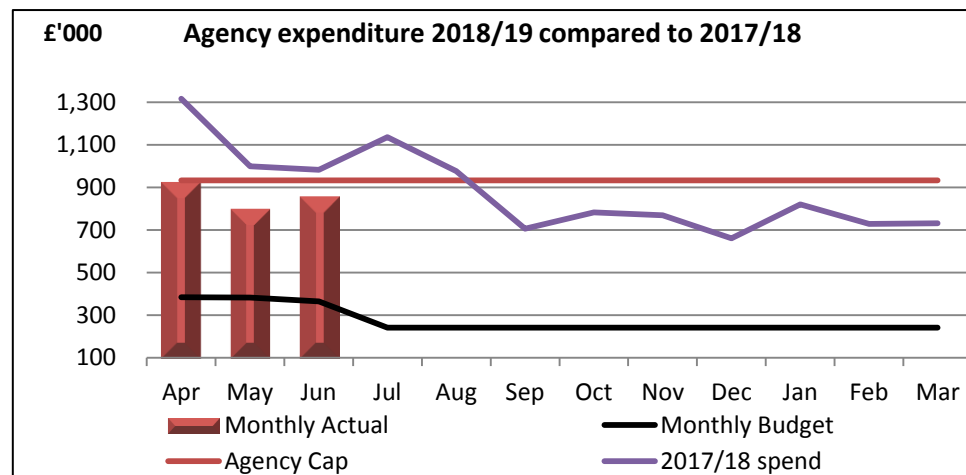
### WTE



In month three there are 7,528 WTEs in post, against a plan of 8,095 WTE, which is a decrease of 4 from month two.

There were 176 vacant posts in Division 1, 78 vacant posts in Division 2 and 144 vacant posts in Division 3, Estates and facilities has 101, Corporate services has 63 vacant posts, and Black Country Pathology has 6 vacant posts.

### Agency

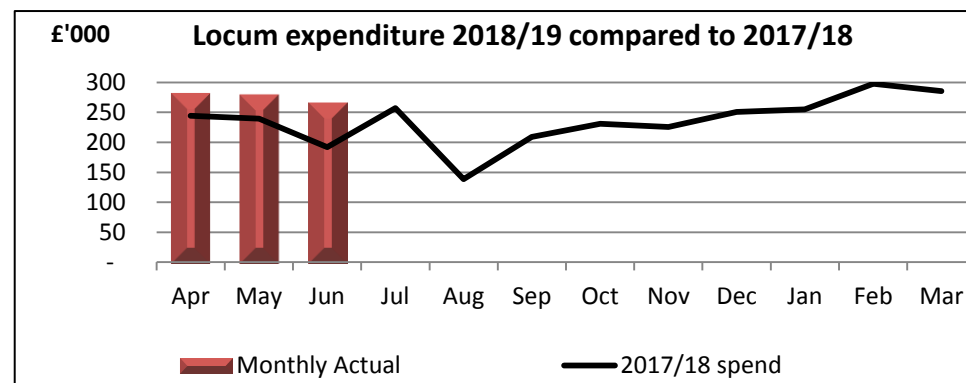


In month three agency expenditure of £856k was incurred which is a £58k increase compared to month two.

The key areas of spend were Emergency Services Group (£235k), Rehab & Ambulatory (£122k), Oncology & Clinical Haem (84k), Orthopaedics (£82k), Children's Services (£53k), Critical Care (£46k), Women's & Neonatal (£37k), Cardiology (£34k), Primary Care Services (£32k), .

The agency cap for 2018/19 is £11.2m.

### Locum

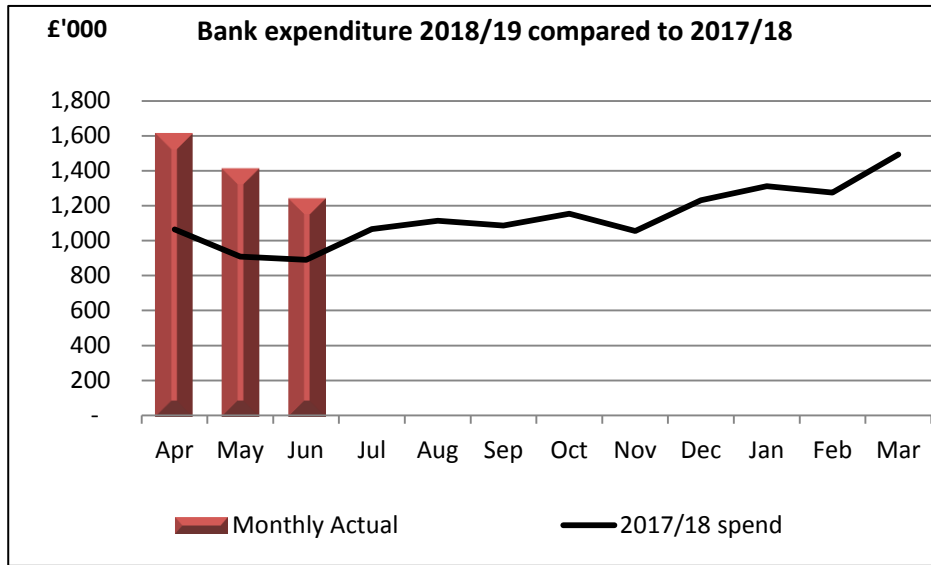


In month three locum expenditure was £267k, a decrease of £13k from month two.

The in month expenditure mainly occurred in Emergency Services (£58k), Dermatology (£58k), General Surgery (£26k), Critical Care (£20k), Ophthalmology (£19k) and Childrens Services (£19k)

## Further Analysis - Pay (2)

### Bank



In month three bank expenditure was £1.2m.

The main areas of expenditure are: Emergency Services Group (£201k), Hotel Services (£142k), Rehab & Ambulatory (£119k), Medical Services (£118k), General Surgery (£103k), Oncology (£89k), Women's & Neonatal (£81k), Orthopaedics (£78k) and Critical Care (£76k),

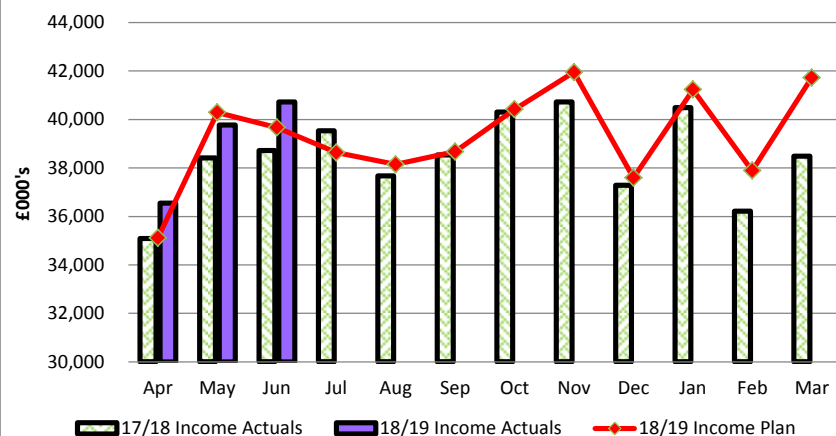
## Patient Income Month 03 2018/19

### Summary

- The Trust is over plan against income by £1,981k YTD, with Month 3 being £1,056k above plan.
- The income relating to cost per case activities is above plan by £1,341k.
- The income is £4,822k higher than the same period of last year which includes £2.04m of non-recurrent release.
- The Forecast is shown as break even, as despite Quarter 1 is above plan the planned levels of growth have been phased into later periods of the year.

| Total Patient Income |          |                     |          |
|----------------------|----------|---------------------|----------|
|                      | Plan     | Actual/<br>Forecast | Variance |
|                      | £000's   | £000's              | £000's   |
| In Month             | £39,661  | £40,718             | £1,056   |
| Year-to-Date         | £115,055 | £117,036            | £1,981   |
| Year-End Forecast    | £471,292 | £471,292            | £0       |

### Patient Income Plan - £1,981k above plan at Month 03



### Table 2:- Income Split & Underlying Position

|   | £000's         |                |                |              |
|---|----------------|----------------|----------------|--------------|
|   | FYE Plan       | YTD Plan       | YTD Actual     | YTD Var      |
| <b>Activity Based Income</b>                  |                |                |                |              |
| Inpatient (Elective & Non Elective)           | 144,293        | 34,764         | 35,229         | 465          |
| Day Case                                      | 39,972         | 9,973          | 9,368          | (605)        |
| Outpatient (First, FUP, OPPROC)               | 75,434         | 17,931         | 18,180         | 249          |
| A&E   | 17,873         | 4,231          | 4,539          | 308          |
| Direct Access                                 | 8,395          | 2,057          | 2,139          | 82           |
| Critical care                                 | 16,649         | 4,103          | 4,393          | 289          |
| Other Activity Based Income                   | 39,093         | 10,875         | 11,428         | 553          |
| <b>Sub Total Income relating Activities</b>   | <b>341,710</b> | <b>83,935</b>  | <b>85,276</b>  | <b>1,341</b> |
| Pass-through                                  | 54,442         | 13,957         | 13,631         | (326)        |
| Block   | 23,675         | 4,358          | 4,363          | 5            |
| CQUIN   | 7,675          | 1,919          | 1,844          | (75)         |
| Community (Activity & CQUIN)                  | 39,169         | 9,731          | 9,740          | 9            |
| Adjustments/Other                             | 4,621          | 1,155          | 2,183          | 1,028        |
| <b>Total Patient Income</b>                   | <b>471,292</b> | <b>115,055</b> | <b>117,036</b> | <b>1,981</b> |
| <b>Less Non Recurrent</b>                     |                |                |                |              |
| CCH Transitional Funds                        | (6,000)        | (1,500)        | (1,500)        | 0            |
| CC2H Transitional Funds                       | (1,107)        | (277)          | (277)          | 0            |
| Urgent Care Centre Transitional Funds         | (1,000)        | (250)          | (250)          | 0            |
| Other (Fine, Reads, MRET Return/Old Year etc) | 0              | 0              | (1,591)        | (1,591)      |
| <b>Underlying Pat Income</b>                  | <b>463,185</b> | <b>113,028</b> | <b>113,418</b> | <b>390</b>   |

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

|                                  | £000's         |                |                |              |
|----------------------------------|----------------|----------------|----------------|--------------|
|                                  | FYE Plan       | YTD Plan       | YTD Actual     | YTD Var      |
| CCG Income                       | 343,069        | 85,863         | 85,135         | (728)        |
| NHSE Income                      | 105,154        | 26,300         | 25,296         | (1,004)      |
| Local Authority Income           | 8,223          | 2,085          | 2,086          | 1            |
| Non Contract/Prov to Prov/Other  | 14,846         | 807            | 4,519          | 3,712        |
| <b>Overall Contracted Income</b> | <b>471,292</b> | <b>115,055</b> | <b>117,036</b> | <b>1,981</b> |

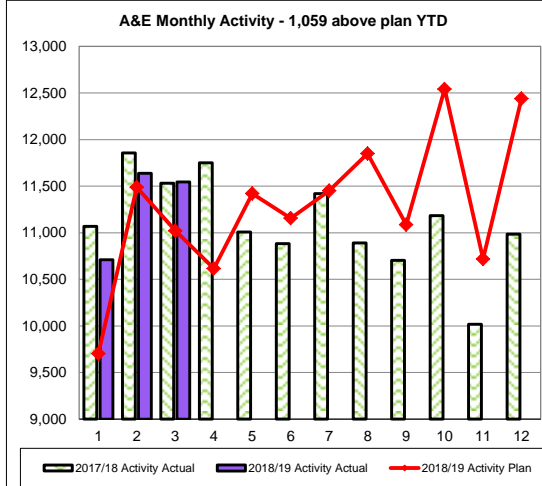
# Patient Activity & Income Month 3 2018/19

## Income by Point of Delivery

### A&E Attendances G

|                   | Plan    | Actual/<br>Forecast | Variance |
|-------------------|---------|---------------------|----------|
|                   | £000's  | £000's              | £000's   |
| In Month          | £1,466  | £1,556              | £90      |
| Year-to-Date      | £4,231  | £4,539              | £308     |
| Year-End Forecast | £17,873 | £17,873             | £0       |

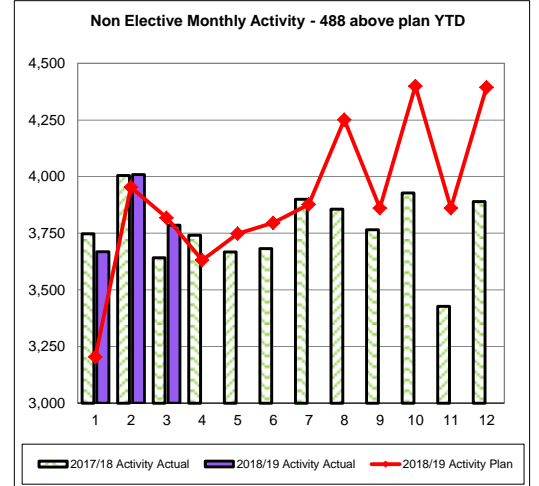
- A&E activity is above the plan YTD but is 517 attendances lower YTD than the same period of last year. The income YTD is £67k higher than the same period of last year.
- The activity and income would suggest a more complex case mix of patients are attending the A&E Department.
- The activity will continue to be monitored.



### Non Elective Admissions (incl XBDs & MRET) A

|                   | Plan     | Actual/<br>Forecast | Variance |
|-------------------|----------|---------------------|----------|
|                   | £000's   | £000's              | £000's   |
| In Month          | £9,688   | £9,439              | (£250)   |
| Year-to-Date      | £26,920  | £27,554             | £635     |
| Year-End Forecast | £112,143 | £112,143            | £0       |

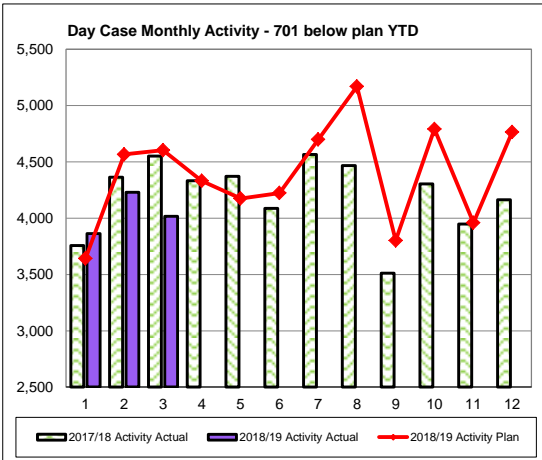
- The biggest over performance in NEL income is within Trauma & Orthopaedics at 80 spells and £445k YTD.
- The Children's services NEL activity is below plan by 321 spells and £180k, this position will be monitored.
- The Medical Group activity is a combined 405 spells above plan and £184k.



### Day Cases R

|                   | Plan    | Actual/<br>Forecast | Variance |
|-------------------|---------|---------------------|----------|
|                   | £000's  | £000's              | £000's   |
| In Month          | £3,591  | £3,143              | (£447)   |
| Year-to-Date      | £9,973  | £9,368              | (£605)   |
| Year-End Forecast | £39,972 | £39,972             | £0       |

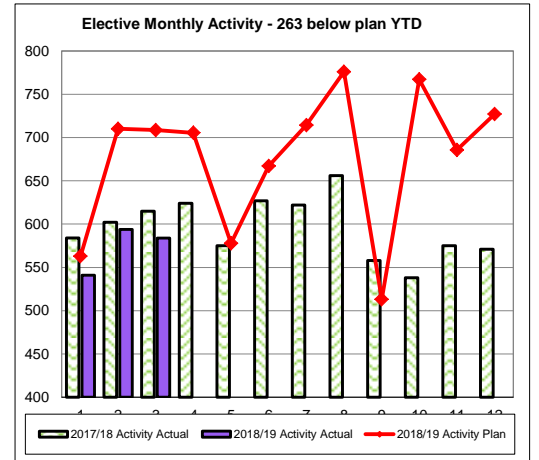
- The Month 3 Day Case activity is 506 cases below plan and £447k below plan. Further investigation is required if the activity remains low in July.
- The Month 3 activity has resulted in the quarter 1 income to be 517 cases and £238k lower than quarter 1 of last year
- General Surgery has the biggest under performance in Month 3 at 148 cases below plan and £135k.
- Clinical Haematology has the biggest YTD under performance at 280 cases below plan and £233k.



### Elective Admissions (incl XBDs) R

|                   | Plan    | Actual/<br>Forecast | Variance |
|-------------------|---------|---------------------|----------|
|                   | £000's  | £000's              | £000's   |
| In Month          | £2,813  | £2,406              | (£407)   |
| Year-to-Date      | £7,844  | £7,674              | (£170)   |
| Year-End Forecast | £32,150 | £32,150             | £0       |

- Elective activity is below the plan YTD but income is £302k higher YTD than the same period last year. The activity is 88 spells lower YTD than last year which suggests a richer case mix of activity is being seen.
- Urology has the biggest under performance at 114 spells below plan and £182k. The inpatient list relies on theatre 5 being back in use expected to be September 2018.
- The under performing areas are off set by a significant over performance in T&O at 97 spells and £645k.



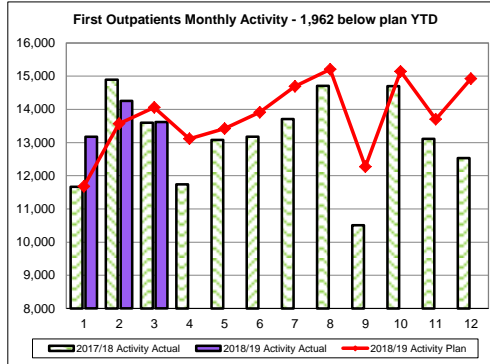
## Patient Activity & Income Month 3 2018/19

### Income by Point of Delivery

### Activity by Point of Delivery

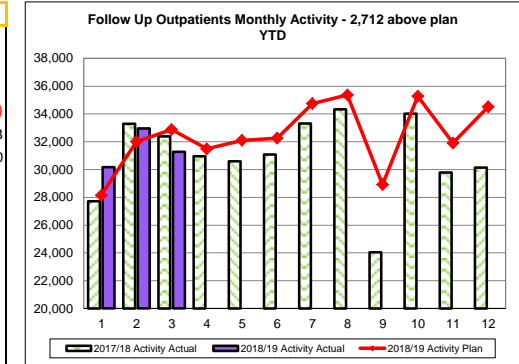
| First Outpatient  | Actual/ |          |          |
|-------------------|---------|----------|----------|
|                   | Plan    | Forecast | Variance |
|                   | £000's  | £000's   | £000's   |
| In Month          | £2,248  | £2,117   | (-£131)  |
| Year-to-Date      | £6,139  | £6,359   | £220     |
| Year-End Forecast | £25,967 | £25,967  | £0       |

- First Outpatient appointments are higher YTD than the same period last year by 2,104 at £302k.  
 - Children's Services are above plan at £235k and Women's & Neonatal are below plan, these variances will be investigated to see if there is any cross Division changes to be made following the split into Division 3.



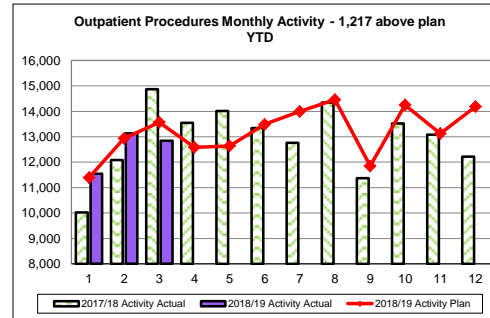
| Follow Up Outpatient | Actual/ |          |          |
|----------------------|---------|----------|----------|
|                      | Plan    | Forecast | Variance |
|                      | £000's  | £000's   | £000's   |
| In Month             | £2,360  | £2,225   | (-£135)  |
| Year-to-Date         | £6,659  | £6,732   | £73      |
| Year-End Forecast    | £28,025 | £28,025  | £0       |

- Follow Up Outpatients are 1,060 higher YTD than the same period last year which relates to the year on year increase in First Outpatients.



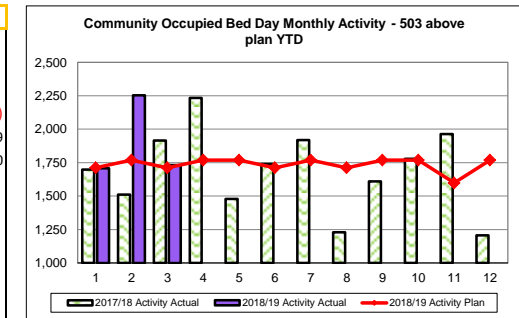
| Outpatient Procedures | Actual/ |          |          |
|-----------------------|---------|----------|----------|
|                       | Plan    | Forecast | Variance |
|                       | £000's  | £000's   | £000's   |
| In Month              | £1,833  | £1,762   | (-£70)   |
| Year-to-Date          | £5,133  | £5,089   | (-£44)   |
| Year-End Forecast     | £21,442 | £21,442  | £0       |

- Outpatient Procedure activity is 780 lower YTD than the previous year, however income is £157k higher.  
 - The biggest under performing area is Dermatology at 1,374 below plan at £136k. A review is being under taken and is expected to be completed by the end of July.



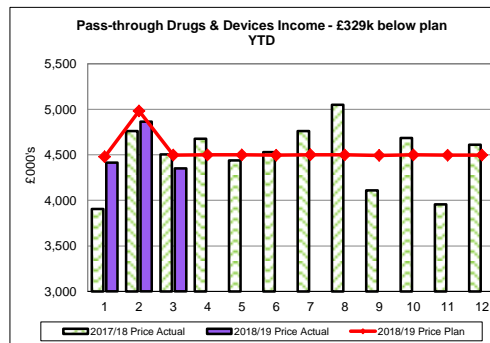
| Community         | Actual/ |           |          |
|-------------------|---------|-----------|----------|
|                   | Plan    | Forecast  | Variance |
|                   | £000's  | £000's    | £000's   |
| In Month          | £3,296  | £3,266    | (-£30)   |
| Year-to-Date      | £9,731  | £9,739.76 | £9       |
| Year-End Forecast | £39,169 | £39,169   | £0       |

- There is work ongoing with Wolverhampton CCG in regard to an additional £650k investment into the Community Contract.  
 - District Nursing activity is being monitored closely as activity is 1,961 below plan.



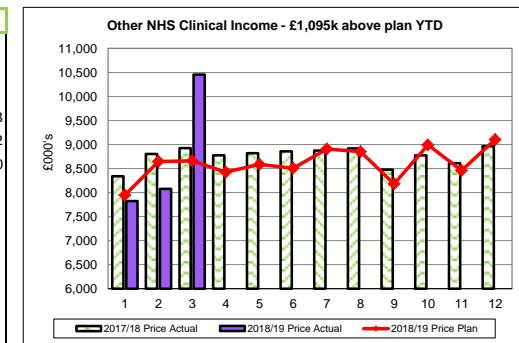
| Pass-through Drugs and Devices | Actual/ |          |          |
|--------------------------------|---------|----------|----------|
|                                | Plan    | Forecast | Variance |
|                                | £000's  | £000's   | £000's   |
| In Month                       | £4,495  | £4,350   | (-£145)  |
| Year-to-Date                   | £13,957 | £13,631  | (-£326)  |
| Year-End Forecast              | £54,442 | £54,442  | £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.



| Other NHS Clinical Income (including pass-through items) | Actual/  |          |          |
|--|----------|----------|----------|
|  | Plan     | Forecast | Variance |
|  | £000's   | £000's   | £000's   |
| In Month   | £7,871   | £10,454  | £2,583   |
| Year-to-Date   | £24,468  | £26,350  | £1,882   |
| Year-End Forecast  | £100,110 | £100,110 | £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.  
 - The large figure in Month 3 partly reflects a return of Fines, Readmissions and MRET for the whole of Quarter 1, this is under discussion with Commissioners.







The Royal Wolverhampton  
NHS Trust Charity

## Charitable Funds

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Only reported quarterly.

## Appendix A:

## Income and Expenditure Account

| <b>June 2018 - Month 3</b>                       |                    |                      |                        |   |                  |                  |                  |                  |
|--|--------------------|----------------------|------------------------|---|------------------|------------------|------------------|------------------|
| <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            |
| <b>Income</b>                                    |                    |                      |                        |   |                  |                  |                  |                  |
| 112,214  | 39,661             | 40,718               | 1,056                  | Patient Activity Income   | 471,292          | 115,055          | 117,036          | 1,981            |
| 378  | 96                 | 73                   | (23)                   | Other Patient Care Income   | 1,154            | 289              | 211              | (78)             |
| 4,004  | 1,427              | 1,743                | 317                    | Education, Training & Research Income                             | 14,491           | 3,963            | 4,352            | 389              |
| 6,825  | 2,273              | 2,273                | (0)                    | CRN: West Midlands  | 27,658           | 6,883            | 6,883            | (0)              |
| 65   | 0                  | 15                   | 15                     | Non Patient Care Other Income                                     | 3                | 3                | 18               | 15               |
| 260  | 66                 | 29                   | (37)                   | Private Patient Income  | 788              | 197              | 190              | (7)              |
| 6,698  | 2,790              | 2,670                | (121)                  | Income on Directorate Budgets                                     | 31,510           | 8,304            | 8,250            | (54)             |
| <b>130,444</b>                                   | <b>46,313</b>      | <b>47,521</b>        | <b>1,207</b>           | <b>Total Income</b>   | <b>546,897</b>   | <b>134,692</b>   | <b>136,939</b>   | <b>2,247</b>     |
| <b>Expenditure</b>                               |                    |                      |                        |   |                  |                  |                  |                  |
| (80,850)   | (27,506)           | (28,182)             | (676)                  | Directorate Expenditure Budgets - Pay                             | (330,136)        | (82,499)         | (85,053)         | (2,554)          |
| (26,035)   | (9,475)            | (9,733)              | (258)                  | Directorate Expenditure Budgets - Non Pay                         | (111,830)        | (28,084)         | (27,887)         | 197              |
| (13,799)   | (4,669)            | (4,759)              | (91)                   | Directorate Expenditure Budgets - Drugs                           | (56,945)         | (14,452)         | (14,570)         | (118)            |
| (6,825)  | (2,273)            | (2,273)              | 0                      | CRN: West Midlands  | (27,658)         | (6,883)          | (6,883)          | 0                |
| 0  | (300)              | 0                    | 300                    | Activity Changes/Service Dev./Cost Pressures Reserves             | (8,927)          | (1,158)          | 0                | 1,158            |
| 0  | (147)              | 0                    | 147                    | Inflation and Contingency Reserves                                | (4,110)          | (755)            | 0                | 755              |
| 0  | 663                | 0                    | (663)                  | Cost Improvement Savings  | 21,558           | 1,634            | 0                | (1,634)          |
| <b>(127,509)</b>                                 | <b>(43,706)</b>    | <b>(44,948)</b>      | <b>(1,241)</b>         | <b>Total Expenditure</b>  | <b>(518,048)</b> | <b>(132,195)</b> | <b>(134,392)</b> | <b>(2,197)</b>   |
| <b>2,935</b>                                     | <b>2,607</b>       | <b>2,573</b>         | <b>(34)</b>            | <b>EBITDA Surplus/(Deficit)</b>                                   | <b>28,848</b>    | <b>2,497</b>     | <b>2,547</b>     | <b>49</b>        |
| 6  | 0                  | 0                    | 0                      | Profit/(Loss) on Asset Disposals                                  | 0                | 0                | 0                | 0                |
| 0  | 0                  | 0                    | 0                      | Impairments of Fixed Assets                                       | 0                | 0                | 0                | 0                |
| (3,722)  | (1,337)            | (1,318)              | 19                     | Depreciation  | (16,282)         | (3,985)          | (3,945)          | 40               |
| 8  | 3                  | 5                    | 2                      | Interest Receivable   | 40               | 10               | 19               | 9                |
| (425)  | (168)              | (170)                | (2)                    | Interest Payable  | (2,030)          | (505)            | (515)            | (10)             |
| (2,420)  | (907)              | (907)                | 0                      | PDC Dividends (Cost of Capital)                                   | (10,880)         | (2,721)          | (2,721)          | 0                |
| 0  | 0                  | 0                    | 0                      | Unwinding of Discount   | 0                | 0                | 0                | 0                |
| <b>(3,619)</b>                                   | <b>198</b>         | <b>184</b>           | <b>(14)</b>            | <b>Net Surplus/(Deficit) before PSF income</b>                    | <b>(304)</b>     | <b>(4,704)</b>   | <b>(4,615)</b>   | <b>89</b>        |
| <b>Adjustments as per NHSI reported position</b> |                    |                      |                        |   |                  |                  |                  |                  |
| 54   | 19                 | 17                   | (3)                    | Depreciation on donated assets                                    | 233              | 58               | 53               | (5)              |
| (20)   | 0                  | (15)                 | (15)                   | Donated Asset Income  | 0                | 0                | (15)             | (15)             |
| 0  | 0                  | 0                    | 0                      | Remove Impairments  | 0                | 0                | 0                | 0                |
| <b>(3,585)</b>                                   | <b>218</b>         | <b>186</b>           | <b>(31)</b>            | <b>Adjusted Financial Performance as NHSI (before PSF income)</b> | <b>(71)</b>      | <b>(4,646)</b>   | <b>(4,576)</b>   | <b>69</b>        |
| 1,484  | 570                | 399                  | (171)                  | PSF Income  | 11,415           | 1,712            | 1,198            | (514)            |
| <b>(2,101)</b>                                   | <b>788</b>         | <b>585</b>           | <b>(202)</b>           | <b>Adjusted Financial Performance as NHSI (after PSF income)</b>  | <b>11,344</b>    | <b>(2,934)</b>   | <b>(3,378)</b>   | <b>(444)</b>     |

Appendix B:

Statement of Financial Position

Calculated Debtor Days for the year to date are:-

|         | M3 Actual | M3 Plan | M2 Actual |
|---------|-----------|---------|-----------|
| Total   | 17.03     | 11.58   | 14.44     |
| Being:- |           |         |           |
| NHS     | 17.41     | 12.55   | 14.68     |
| Non NHS | 14.99     | 5.83    | 13.18     |

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:

|          | M3 18/19 | Cumulative |
|----------|----------|------------|
| - Value  | 62%      | 62%        |
| - Volume | 41%      | 43%        |

|          | M2 18/19 | Cumulative |
|----------|----------|------------|
| - Value  | 62%      | 63%        |
| - Volume | 43%      | 44%        |

In month, there has been little movement within PSPP although as a whole, the 2018/19 performance on PSPP appears to have significantly deteriorated, however, 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.

|   | Jun 2018<br>Plan | Jun 2018<br>Actual | May 2018<br>Actual | Movement<br>in Month | March 2018<br>Actual |
|---|------------------|--------------------|--------------------|----------------------|----------------------|
|   | £000             | £000               | £000               | £000                 | £000                 |
| <b>NON CURRENT ASSETS</b>                       |                  |                    |                    |                      |                      |
| Property, Plant and Equipment - Tangible Assets | 330,581          | 329,556            | 330,498            | (942)                | 331,547              |
| Intangible Assets                               | 1,023            | 1,097              | 1,052              | 45                   | 1,115                |
| Trade and Other Receivables Non Current         | 0                | 0                  | 0                  | 0                    | 0                    |
| <b>TOTAL NON CURRENT ASSETS</b>                 | <b>331,604</b>   | <b>330,653</b>     | <b>331,550</b>     | <b>(897)</b>         | <b>332,662</b>       |
| <b>CURRENT ASSETS</b>                           |                  |                    |                    |                      |                      |
| Inventories                                     | 6,357            | 6,336              | 6,328              | 8                    | 6,357                |
| Trade and Other Receivables                     | 38,106           | 38,398             | 35,349             | 3,049                | 35,571               |
| Other Current Assets                            | 0                | 0                  | 0                  | 0                    | 0                    |
| Cash and cash equivalents                       | 7,571            | 8,977              | 10,605             | (1,628)              | 16,982               |
| <b>TOTAL CURRENT ASSETS</b>                     | <b>52,034</b>    | <b>53,711</b>      | <b>52,282</b>      | <b>1,429</b>         | <b>58,910</b>        |
| Non Current Assets Held for Sale                | 800              | 800                | 800                | 0                    | 800                  |
| <b>TOTAL ASSETS</b>                             | <b>384,438</b>   | <b>385,164</b>     | <b>384,632</b>     | <b>532</b>           | <b>392,372</b>       |
| <b>CURRENT LIABILITIES</b>                      |                  |                    |                    |                      |                      |
| Trade & Other Payables                          | (51,897)         | (53,864)           | (52,102)           | (1,762)              | (56,176)             |
| Liabilities arising from PFIs / Finance Leases  | (1,979)          | (1,979)            | (1,979)            | 0                    | (1,979)              |
| Provisions for Liabilities and Charges          | (6,219)          | (5,231)            | (6,885)            | 1,654                | (6,206)              |
| <b>TOTAL CURRENT LIABILITIES</b>                | <b>(60,095)</b>  | <b>(61,074)</b>    | <b>(60,966)</b>    | <b>(108)</b>         | <b>(64,361)</b>      |
| <b>NET CURRENT ASSETS / (LIABILITIES)</b>       | <b>(8,061)</b>   | <b>(7,363)</b>     | <b>(8,684)</b>     | <b>1,321</b>         | <b>(5,451)</b>       |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>    | <b>324,343</b>   | <b>324,090</b>     | <b>323,666</b>     | <b>424</b>           | <b>328,011</b>       |
| <b>NON CURRENT LIABILITIES</b>                  |                  |                    |                    |                      |                      |
| Other Liabilities                               | (4,800)          | (4,805)            | (4,968)            | 163                  | (5,299)              |
| Provision for Liabilities and Charges           | (581)            | (581)              | (581)              | 0                    | (594)                |
| <b>TOTAL NON CURRENT LIABILITIES</b>            | <b>(5,381)</b>   | <b>(5,386)</b>     | <b>(5,549)</b>     | <b>163</b>           | <b>(5,893)</b>       |
| <b>TOTAL ASSETS EMPLOYED</b>                    | <b>318,962</b>   | <b>318,704</b>     | <b>318,117</b>     | <b>587</b>           | <b>322,118</b>       |
| <b>FINANCED BY TAXPAYERS EQUITY</b>             |                  |                    |                    |                      |                      |
| Public Dividend Capital                         | 232,753          | 232,753            | 232,753            | 0                    | 232,753              |
| Retained Earnings                               | 18,664           | 18,242             | 17,655             | 587                  | 21,655               |
| Revaluation Reserve                             | 67,355           | 67,519             | 67,519             | 0                    | 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                  |
| <b>TOTAL TAXPAYERS EQUITY</b>                   | <b>318,962</b>   | <b>318,704</b>     | <b>318,117</b>     | <b>587</b>           | <b>322,118</b>       |

## Cash Flow as at 30th June 2018

|  | June           | June           | June           | June                    |
|--|----------------|----------------|----------------|-------------------------|
|  | Plan £'000     | Actual £'000   | Variance £'000 | In Month Movement £'000 |
| <b>OPERATING ACTIVITIES</b>                              |                |                |                |                         |
| <b>Total Operating Surplus/(Deficit)</b>                 | <b>235</b>     | <b>(200)</b>   | (435)          | 1,654                   |
| Depreciation   | 3,985          | 3,945          | (40)           | 1,318                   |
| Fixed Asset Impairments                                  | 0              | 0              | 0              | 0                       |
| Donated Assets received credited to revenue but non-cash | 0              | 0              | 0              | 0                       |
| Interest Paid  | (515)          | (515)          | 0              | (170)                   |
| Dividends Paid   | 0              | 0              | 0              | 0                       |
| Release of PFI /Deferred Credit                          | 0              | 0              | 0              | 0                       |
| (Increase)/Decrease in Inventories                       | 0              | 21             | 21             | (8)                     |
| (Increase)/Decrease in Trade/Receivables                 | (2,534)        | (2,824)        | (290)          | (3,045)                 |
| Increase/(Decrease) in Trade/Payables                    | (2,500)        | (732)          | 1,768          | 1,307                   |
| Increase/(Decrease) in Provisions                        | 0              | (988)          | (988)          | (1,654)                 |
| <b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING</b>          | <b>(1,329)</b> | <b>(1,293)</b> | <b>36</b>      | <b>(598)</b>            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>              |                |                |                |                         |
| Interest Received  | 9              | 19             | 10             | 5                       |
| Payment for Property, Plant and Equipment                | (7,592)        | (6,238)        | 1,354          | (872)                   |
| 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                       |
| <b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING</b>          | <b>(7,583)</b> | <b>(6,219)</b> | <b>1,364</b>   | <b>(867)</b>            |
| <b>NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING</b>        | <b>(8,912)</b> | <b>(7,512)</b> | <b>1,400</b>   | <b>(1,465)</b>          |
| <b>FINANCING</b>   |                |                |                |                         |
| New Public Dividend Capital Received                     | 0              | 0              | 0              | 0                       |
| Capital Element of Finance Lease and PFI                 | (499)          | (493)          | 6              | (163)                   |
| <b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING</b>          | <b>(499)</b>   | <b>(493)</b>   | <b>6</b>       | <b>(163)</b>            |
| <b>INCREASE/(DECREASE) IN CASH</b>                       | <b>(9,411)</b> | <b>(8,005)</b> | <b>1,406</b>   | <b>(1,628)</b>          |
| <b>CASH BALANCES</b>                                     |                |                |                |                         |
| Opening Balance at 1st April 2018                        | 16,982         | 16,982         | 0              |                         |
| Opening Balance at 1st May 2018                          |                |                |                | 10,605                  |
| <b>Closing Balance at 30th June 2018</b>                 | <b>7,571</b>   | <b>8,977</b>   | <b>1,406</b>   | <b>8,977</b>            |