

# Report of the Chief Financial Officer - Month 5 1 October 2018

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Agenda Item No: 9.1

TRUST BOARD REPORT

<b>Meeting Date:</b>	1st October 2018
<b>Title:</b>	Report of the Chief Financial Officer - Month 5
<b>Executive Summary</b>	This paper reports the in-month, year-to-date and forecast financial position for the Trust as at Month 5. The paper also reports on delivery against financial targets.
<b>Or Report of</b>	
<b>Action requested</b>	<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.
<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: 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  
August 2018 - Month 5



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)	(7,271)	(7,647)	(376)
Achieved PSF	3,234	2,264	(970)
Control Total Surplus/ (Deficit)	(4,037)	(5,384)	(1,346)

The Trust is behind the year to date financial plan at month five by £1,346k, which is made up of £970k unachieved PSF and £376k adverse to plan on all other budgets.

Income shows a favourable variance to plan of £4.8m year to date, however, it should be noted that there was a one-off benefit in August of £0.4m which relates to adjusting the accrual for fines to reflect the guidance for 2018/19. Expenditure is adverse to plan by £5.2m year to date which is predominately due to pay expenditure exceeding the budget.

The pay overspend does also include the impact of the new AFC pay award. More detail on this is shown on page 7.

The shortfall on PSF income is due to the Q1 A&E element that was not achieved and a prudent assumption that similarly Q2 will not be achieved. It is possible, however, that at the end of next month the full PSF available will be achieved for Q2.

### 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. To a degree this risk has been mitigated as the funding for additional capacity has now been agreed with divisions.
- 2) A low contingency compared to previous years.
- 3) A £25m CIP target and a £11.1m vacancy factor, both of which have only been partially delivered year-to-date.
- 4) The nationally agreed pay award is a risk that has materialised with an estimated cost pressure of £0.6m in 2018/19.
- 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 five there has been an under recovery of £0.45m against the in-month CIP plan of £1.16m. Year to date shows an achievement of £3.11m against a plan of £5.78m. Of the CIP delivered to date, there is a £1.34m recurrent full year effect. The non-delivery of recurrent and cash releasing CIP continues to be an issue.

The vacancy factor target for month five is £0.9m (18/19 Factor only). There was an under recovery of £0.2m.

### Forecast

The forecast outturn for the year is under review.

### Cash

At the 31st August 2018 the Trust had a cash balance of £13.4m which is £1.6m above the plan.

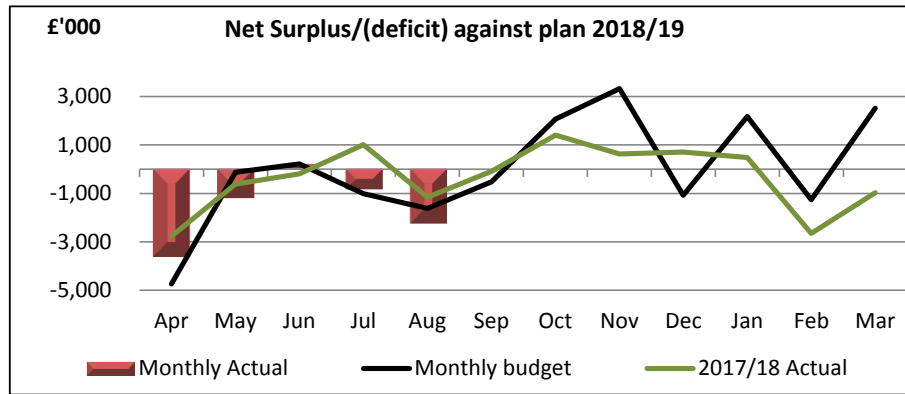
### Charity

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)

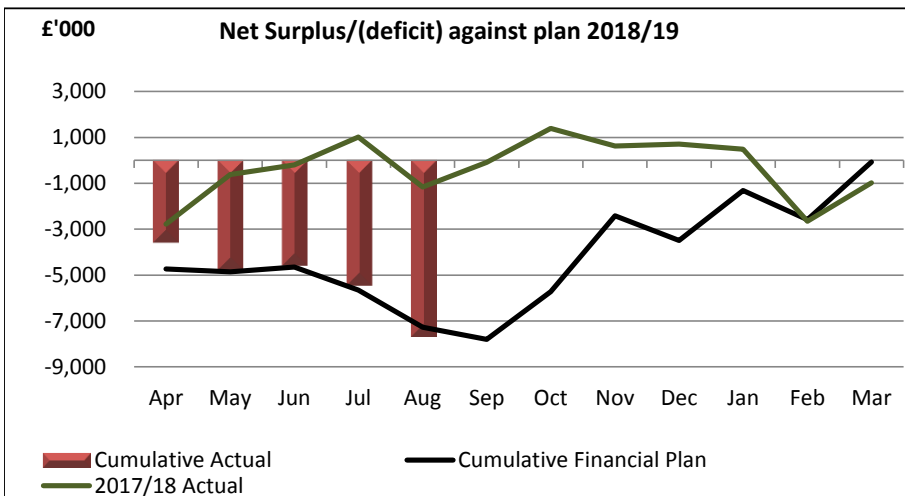
### In-Month Net Surplus



In month five the Trust reported an in-month deficit of £2.22m, against an in-month plan of £1.62m deficit, this is a adverse variance of £0.60m.

The in-month deficit was mainly due to expenditure above plan of £1.56m. This can be broken down into an adverse pay variance (£0.98m), non delivery of CIP (£0.45m), an adverse non pay variance (£0.38m) and an adverse variance on the activity changes reserves (£0.73m).

The adverse variances were offset by an underspend on the inflation and contingency reserve (£1.14m) and income over performance (£0.94m). The income was mainly due to patient activity income being above plan by £0.99m which included £0.4m of one-off benefit.



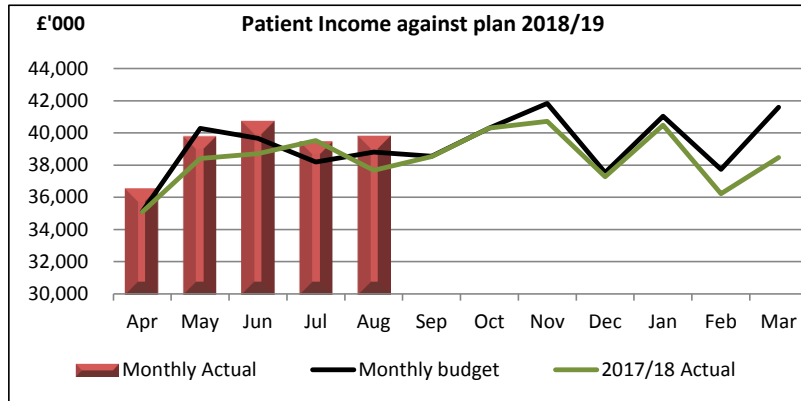
At month five the Trust is adverse to plan with a year to date deficit of £7.65m against a planned deficit of £7.27m.

It should also be noted that £2.9m of earmarked reserves are not spent at the end of month five 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\*

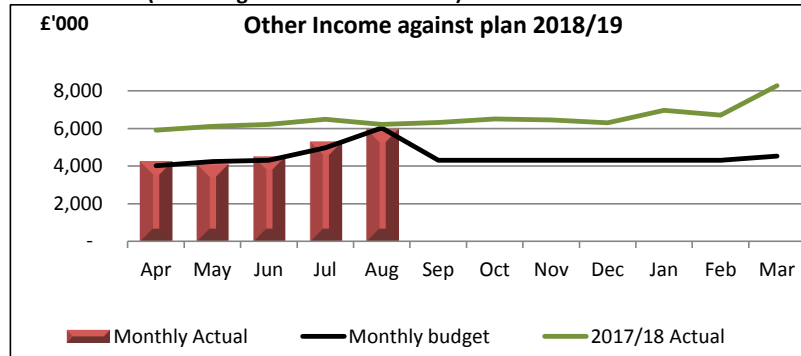


In month five, patient contract income is £39.8m which is an over performance against plan of £0.99m.

The income performance in August is the second highest income month of the year to date and was higher than August 2017 income value. The month five position includes £0.4m reduction in fines.

Further detail on patient income is on page 13.

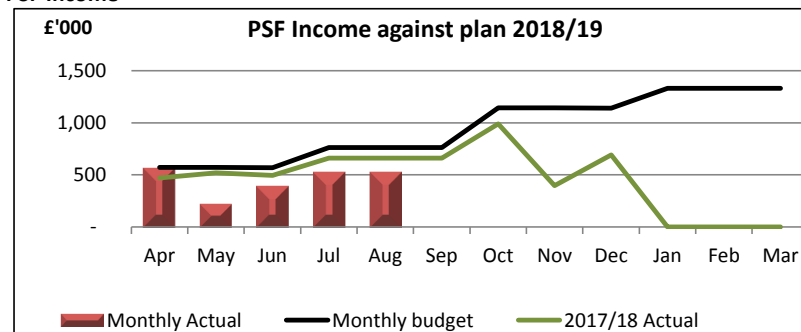
### Other Income (excluding CRN and PSF income)



Other income is under plan in month five by £0.09m.

Other patient care income and directorate income were both under plan by (£0.03m) and (£0.07m) respectively.

### PSF Income



Provider Sustainability Funding income is below plan in month five by £0.23m.

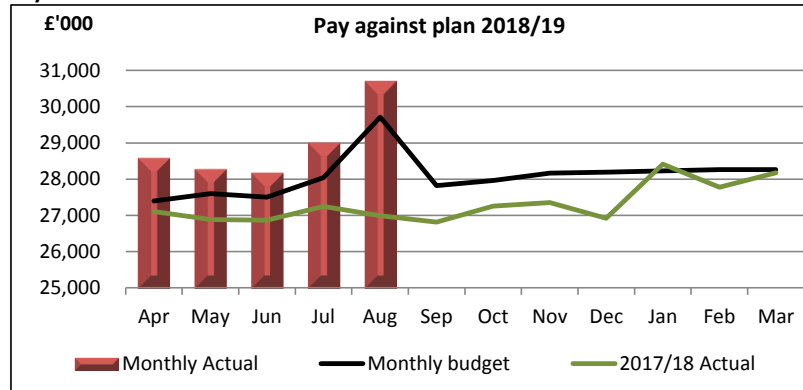
It has been assumed that the financial target has been achieved in month but not the A&E target. This is a prudent assumption and it is expected that at the end of Q2 the Trust will have achieved the full PSF that is available for the quarter.

#### 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 £0.98m against plan.

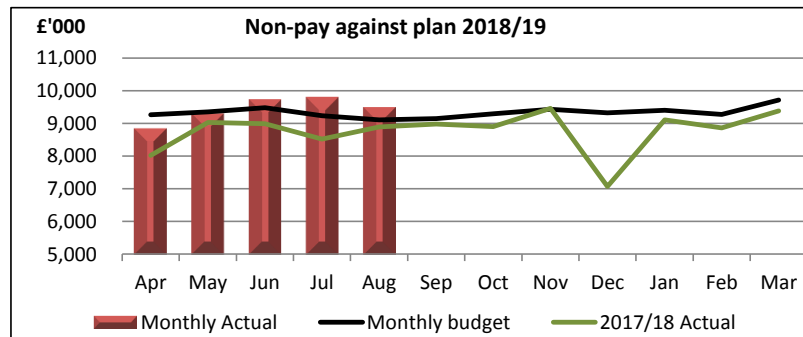
- Division 1 is overspent by £0.25m.
- Division 2 is overspent by £0.63m.
- Division 3 is overspent by £0.08m.
- Estates & Facilities is overspent £0.01m and Corporate services is overspent by £0.05m.

The Division 1 overspend is due to £285k underachieved vacancy factor, and £116k agency overspend.

The Division 2 overspend is due to £20k underachieved vacancy factor, £456k due to medics including agency covering vacancies and additional staffing providing support across the division.

The AFC pay award back pay of £1.9m is included in the month 5 actuals and central funding has been included in the budget. The AFC pay award is expected to cost c. £650k.

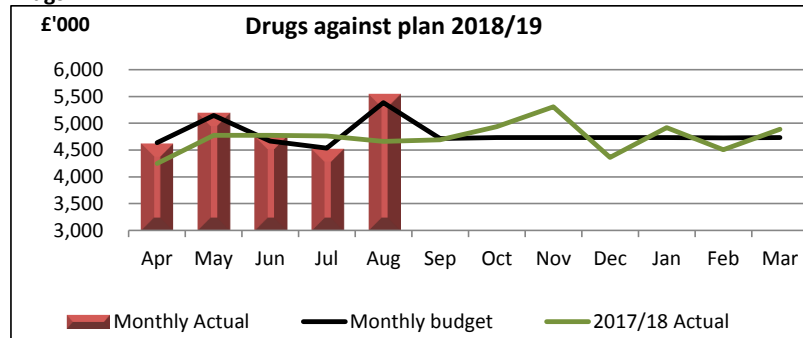
### Non-pay



Non pay is overspent against plan by £0.38m.

- Division 1 is overspent by £0.24m.
- Division 2 is underspent by £0.12m.
- Division 3 is overspent by £0.16m.
- Estates & Facilities is overspent by £0.08m.
- Corporate services is overspent by £0.14m.

### Drugs

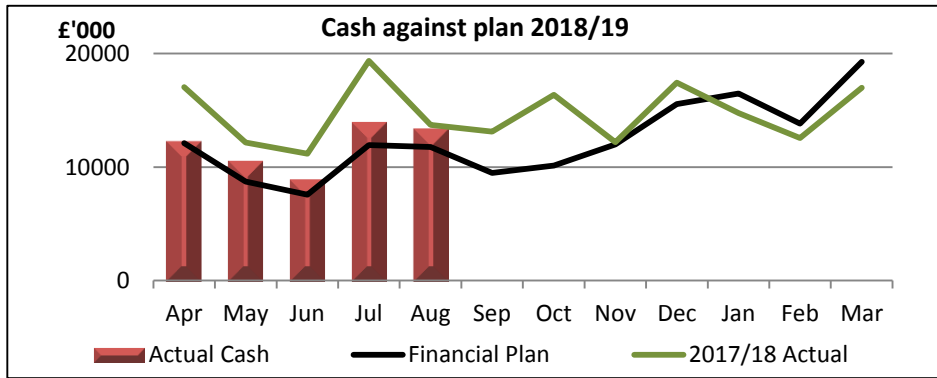


Drugs are overspent in month by £0.12m.



# Summary Charts - Cash and Capital

## Cash

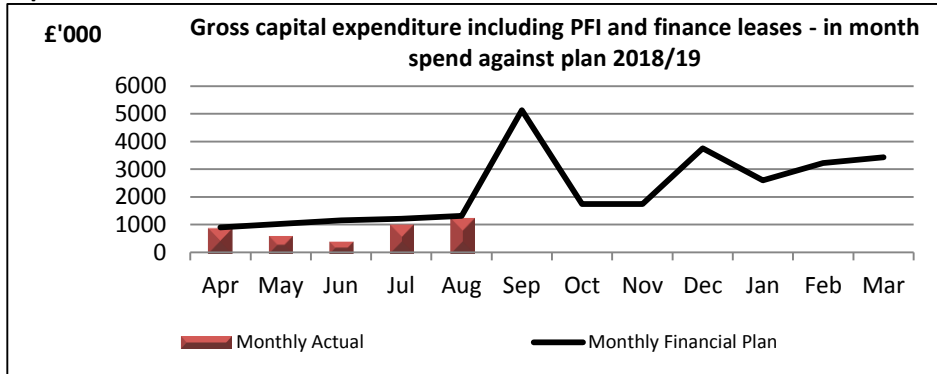


The cash balance as at 31st August 2018 is £13.4m, £1.6m above the plan at month five. The key drivers for this are:

- capital cash payments lower than plan by £1.9m mainly due to capital programme behind plan at M5, the Trust forecasts to be in line by end of the year.
- adverse operating surplus cash movement including depreciation (£1.3m).
- payables higher than plan £4.9m.
- provisions decrease (£1.0m)
- PDC payment not yet received for Stroke (£3.0m) - this is forecast to be received in December

Details are shown in Appendix 3.

## Capital



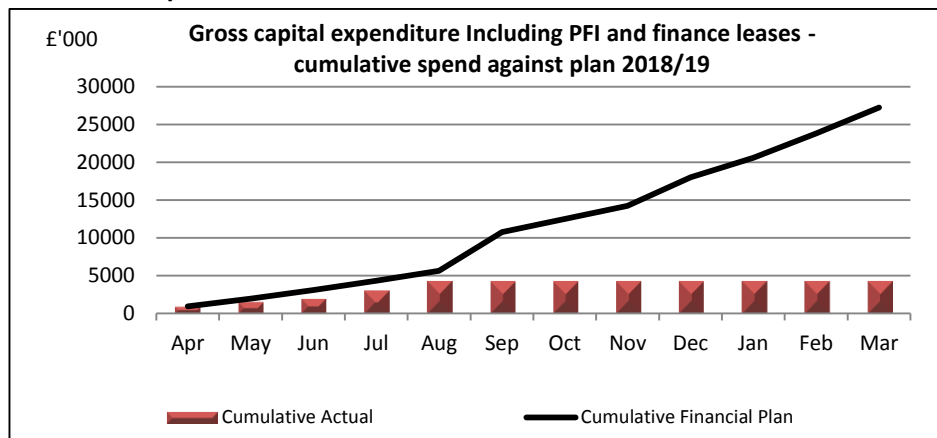
Capital expenditure as at 31st August 2018, including PFI & finance leases, is £4.2m against a plan of £5.6m.

The capital resource limit (CRL) for the year is anticipated to be £28.750m.

The CRL figure is made up of planned estates development programmed spend of £22.5m plus an additional £1.2m relating to Cladding Replacement (ACM) 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.

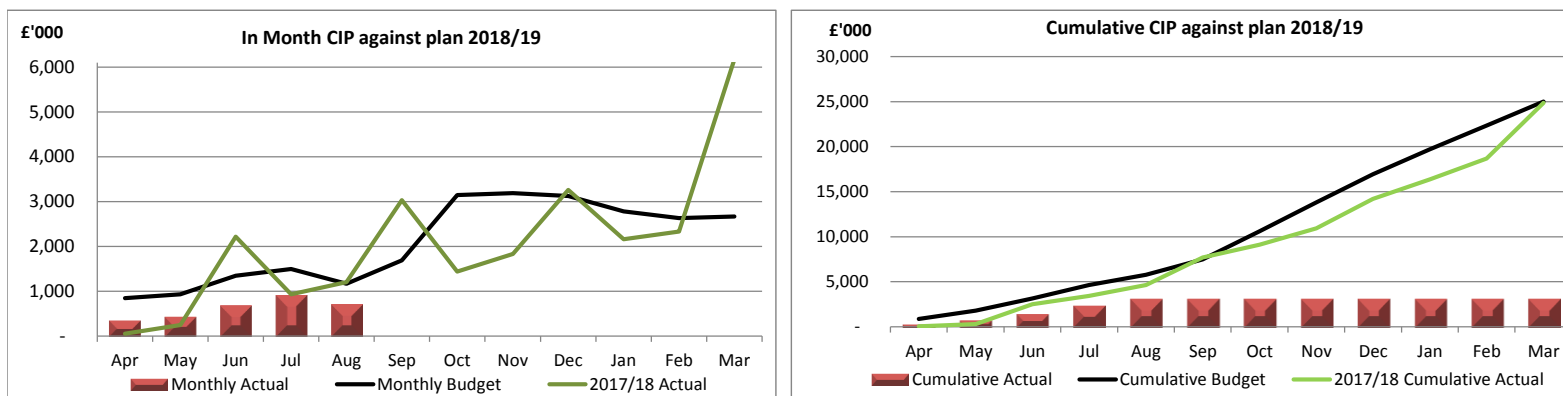
## Cumulative capital



## 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 five, the Trust has achieved £3.11m of CIP savings, compared to budgeted plan of £5.78m which is an achievement of 54% 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				
			Green £000	Yellow £000	Amber £000	Red £000	Total £000
Division 1	9,920	1,240	0	346	113	8,222	8,680
Division 2	6,290	668	0	76	0	5,546	5,621
Division 3	4,248	602	0	187	31	3,428	3,647
Estates & Facilities	2,892	528	0	73	0	2,291	2,364
Corporate	1,650	695	0	625	228	102	955
Trustwide	0	1,357	0	0	0	(1,357)	(1,357)
<b>Total 2018/19 Schemes</b>	<b>25,000</b>	<b>5,090</b>	<b>0</b>	<b>1,307</b>	<b>372</b>	<b>18,231</b>	<b>19,910</b>
<b>Recurrent (FYE)</b>	<b>15,000</b>	<b>1,366</b>	<b>0</b>	<b>2,673</b>	<b>0</b>	<b>10,961</b>	<b>13,634</b>

- At the end of month five, £5.1m of annual budgets have been removed which is an overall achievement of 20% of the annual budgeted target, with £1.4m 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

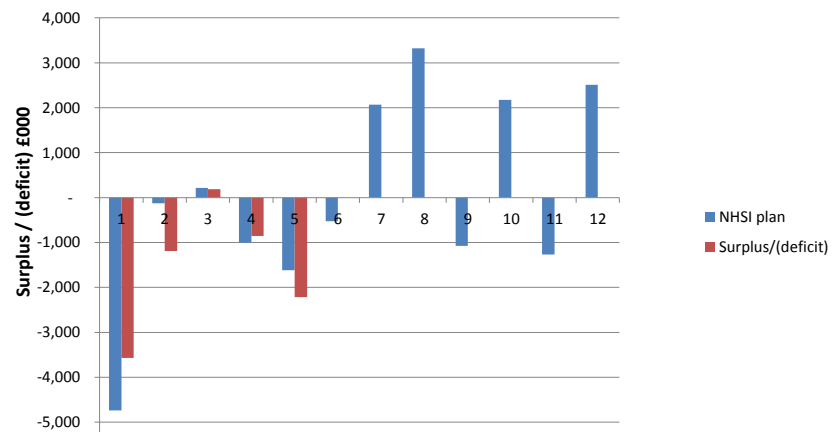
	Measure	Annual Plan		YTD achievement		Forecast achievement		Definitions:
		Performance	Rating	Performance	Rating	Performance	Rating	
Capital Service Cover rating	Multiples	2.693	1	1.041	4	2.463	2	Degree to which the provider generated income covers its financial obligations.
Liquidity rating	Days	-0.592	2	-10.577	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	-2.3%	4	1.4%	1	I&E surplus or deficit/ total revenue.
I&E margin: distance from financial plan	%	0%	1	-0.5%	2	-0.6%	2	Year to date actual I&E surplus or deficit/ year to date planned I&E surplus or deficit.
Agency rating	%	-2.7%	1	-8.65%	1	-2.08%	1	Distance from provider's agency cap.
Overrides			None				None	
Overall risk rating after any overrides			1		3		2	

### 2) Performance Against Financial Limits

The performance against financial limits is set out below:

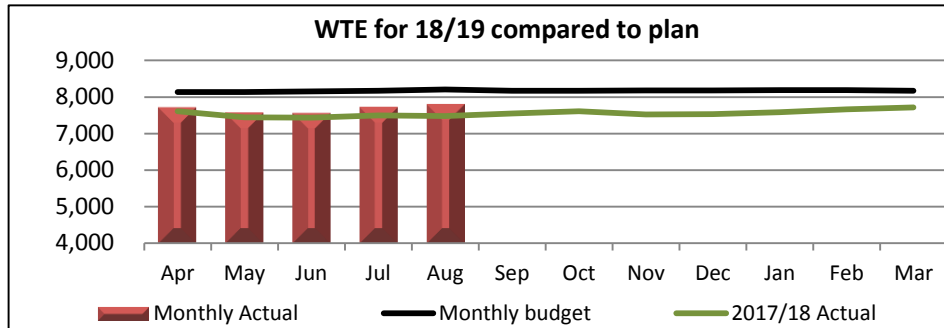
	Target (£'000)	Performance (£'000)	RAG
I&E target performance (excl PSF) Month 5	(7,271)	(7,647)	AMBER
CIP Target Month 5	4,617	2,399	RED
Capital Resource Limit (annual)	28,437	28,437	GREEN
External Financing Limit (annual)	4,854	4,854	GREEN
Capital Cost Absorption Rate (annual)	3.5%	3.5%	GREEN

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



## Further Analysis - Pay

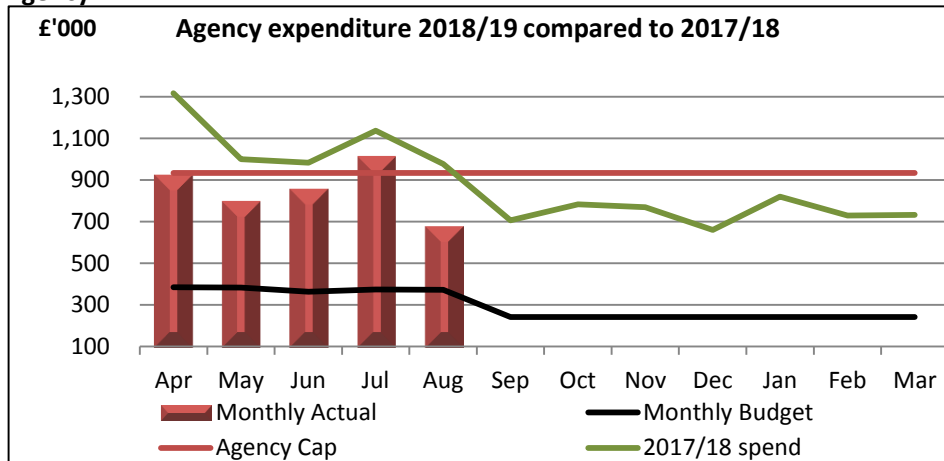
### WTE



In month five there are 7,804 WTEs in post, against a plan of 8,203 WTE, which is a increase of 78 from month four.

There were 150 vacant posts in Division 1, 40 vacant posts in Division 2 and 68 vacant posts in Division 3 , Estates and Facilities has 77, Corporate has 64 vacant posts, and Black Country Pathology has 8 vacant posts.

### Agency

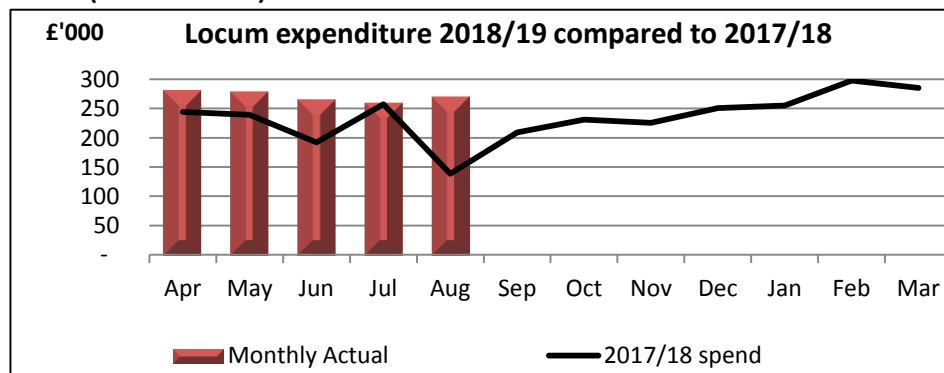


In month five agency expenditure of £679m was incurred which is a £331k reduction compared to month four. It should be noted that £61k of the reduction is due to a month four accrual being reversed when unworked shifts were removed late form LMS.

The key areas of spend were Emergency Services Group (£221k), Rehab & Ambulatory (£99k), Oncology & Clinical Haem (88k), Orthopaedics (£61k), Primary Care Services (£60k) and Childrens Services (£55k).

The agency cap for 2018/19 is £11.2m.

### Locum (Medical Bank)

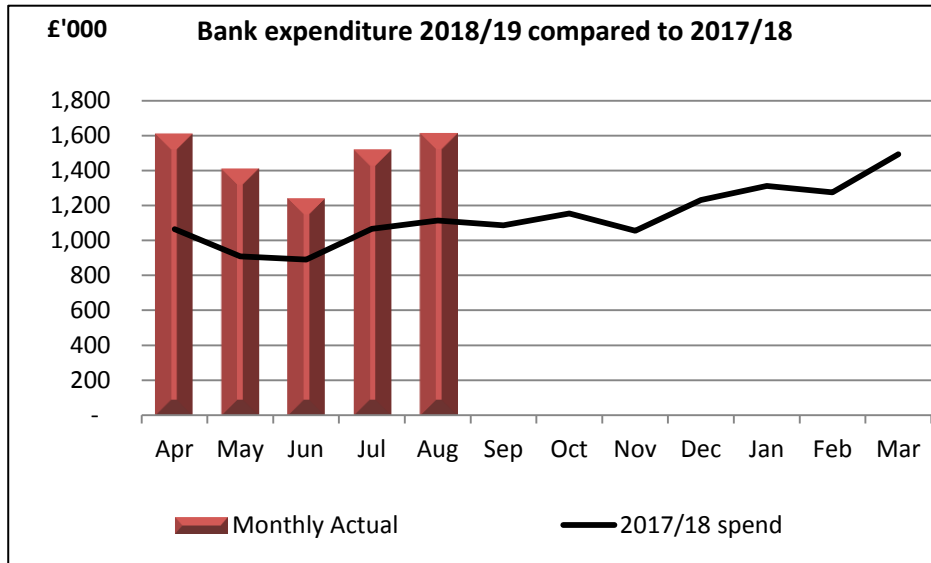


In month five locum expenditure was £272k, an increase of £11k from month four.

The in month expenditure mainly occurred in Dermatology (£63k), Emergency Services (£58k), General Surgery (£33k), Critical Care (£19k), Orthopaedics (£19k), Ophthalmology (£18k) and Childrens Services (£18k)

## Further Analysis - Pay (2)

### Bank



In month five bank expenditure was £1.6m an increase of £100k compared to month four.

The main areas of expenditure are: Emergency Services Group (£240k), Hotel Services (£208k), Medical Services (£160k), General Surgery (£157k), Oncology (£152k), Critical Care (£139k), Rehab & Ambulatory (£132k), Orthopaedics (£93k), Primary Care Services (£83k) and Womens & Neonatal (£51k).

# Patient Activity & Income Month 5 2018/19

## Summary

- The Trust is above plan against income by £4,253k YTD, with Month 5 being £996k above plan.
- The income relating to cost per case activities is above plan by £2,579k.
- The income is £6,901k 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 M5	£38,810	£39,806	£996
Year-to-Date M1 - M5	£192,053	£196,307	£4,253
Year-End Forecast	£470,660	£470,660	£0

Patient Income - £4,254k above plan at August 18

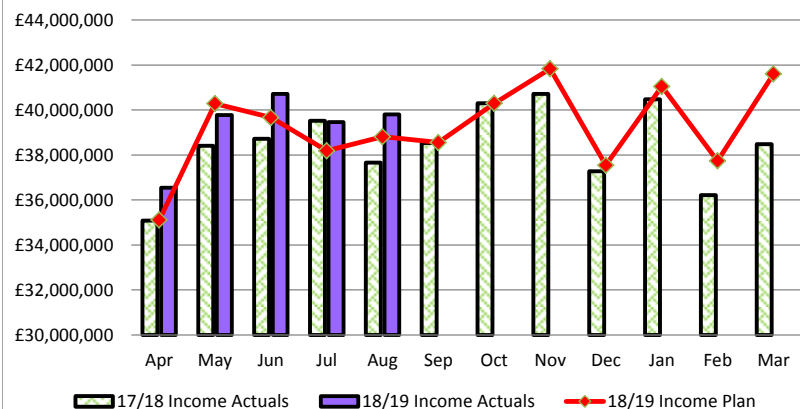


Table 2:- Income Split & Underlying Position

	£000's			
	FYE Plan	YTD Plan	YTD Actual	YTD Var
<b>Activity Based Income</b>				
Inpatient (Elective & Non Elective)	144,767	58,033	59,810	1,777
Day Case	39,806	16,439	15,566	(873)
Outpatient (First, FUP, OPPROC)	75,140	30,151	30,315	163
A&E	17,873	7,127	7,593	466
Direct Access (Pathology, Radiology)	8,443	3,538	3,597	59
Critical Care (Adult, Neonatal)	16,589	6,719	7,170	451
Other Activity Based Income	45,449	18,367	18,902	535
<b>Sub Total Income relating Activities</b>	<b>348,068</b>	<b>140,373</b>	<b>142,952</b>	<b>2,579</b>
Pass-through	54,090	23,181	23,113	(68)
Block Contracts	17,439	7,327	7,334	8
CQUIN	7,647	3,186	3,073	(114)
Community (Activity & CQUIN)	38,795	16,061	16,032	(29)
Adjustments/Other	4,621	1,926	3,803	1,878
<b>Total Patient Income</b>	<b>470,660</b>	<b>192,053</b>	<b>196,307</b>	<b>4,253</b>
<b>Less Non Recurrent</b>				
CCH Transitional Funds	(6,000)	(2,500)	(2,500)	0
CC2H Transitional Funds	(1,107)	(461)	(461)	0
Urgent Care Centre Transitional Funds	(1,000)	(417)	(417)	0
Other (Fine, Reads, MRET Return/Old Year etc)	0	0	(2,555)	(2,555)
<b>Underlying Patient Income</b>	<b>462,553</b>	<b>188,676</b>	<b>190,374</b>	<b>1,698</b>

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

	£000's			
	FYE Plan	YTD Plan	YTD Actual	YTD Var
CCG Income	342,752	143,039	142,192	(846)
NHSE Income	105,154	43,751	42,690	(1,061)
Local Authority Income	8,223	3,449	3,449	1
Non Contract/Prov to Prov/Other	14,532	1,815	7,976	6,161
<b>Overall Contracted Income</b>	<b>470,660</b>	<b>192,053</b>	<b>196,307</b>	<b>4,253</b>

# Patient Activity & Income Month 5 2018/19

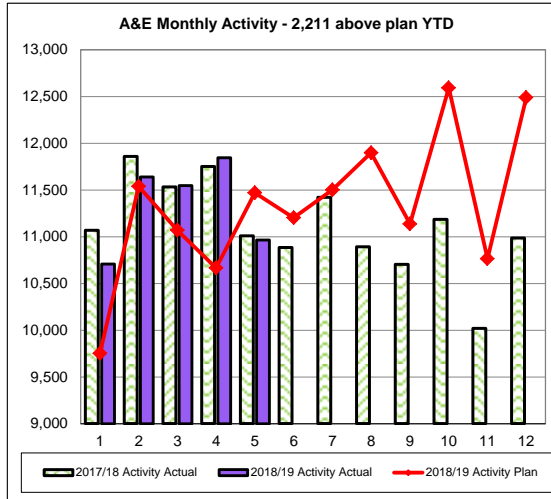
## Income by Point of Delivery

A&E Attendances <span style="float: right;">A</span>			
	Plan	Actual/ Forecast	Variance
	£000's	£000's	£000's
In Month M5	£1,506	£1,463	(-£42)
Year-to-Date M1 - M5	£7,127	£7,593	£466
Year-End Forecast	£17,873	£17,873	£0

- A&E activity is above the plan YTD but is 511 attendances lower YTD than the same period of last year. The income YTD is £157k 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.



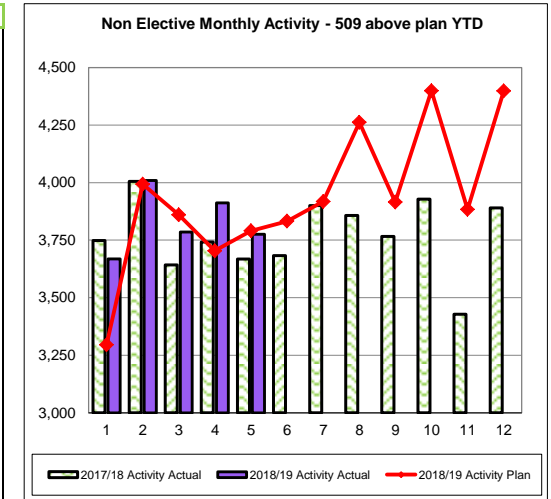
Non Elective Admissions (incl XBDs & MRET) <span style="float: right;">G</span>			
	Plan	Actual/ Forecast	Variance
	£000's	£000's	£000's
In Month M5	£8,842	£9,424	£583
Year-to-Date M1 - M5	£44,828	£46,246	£1,418
Year-End Forecast	£112,527	£112,527	£0

- The NEL activity is 520 spells and £1,859k higher than the same period of 2017/18.

- Trauma & Orthopaedics remains the biggest over performance at 238 spells and £1,143k.

- Paediatrics has the biggest under performance at 409 spells and £425k.

- Up to Month 5 there is a deduction of £735k for the NEL Emergency Threshold.



Day Cases <span style="float: right;">R</span>			
	Plan	Actual/ Forecast	Variance
	£000's	£000's	£000's
In Month M5	£3,097	£2,968	(-£129)
Year-to-Date M1 - M5	£3,664	£3,688	£24
Year-End Forecast	£39,806	£39,806	£0

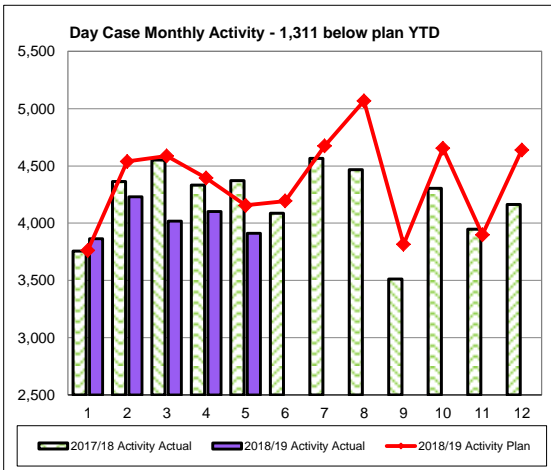
- The cumulative Day Case activity is 1,311 case below plan and £873k below plan. Work is ongoing to identify any reasons for the under performance.

- The cumulative activity at month 5 is 1,127 cases and £639k lower than the same period of last year.

- Clinical Haematology has the biggest YTD under performance at 467 cases below plan and £387k. The performance is currently under investigation.

- General Surgery is also showing a large under performance at Month 5 at 275 cases below plan and £289k.

- Orthopaedics is under performing by 153 cases and £153k.



Elective Admissions (incl XBDs) <span style="float: right;">G</span>			
	Plan	Actual/ Forecast	Variance
	£000's	£000's	£000's
In Month M5	£2,569	£2,954	£385
Year-to-Date M1 - M5	£132	£212	£80
Year-End Forecast	£32,240	£32,240	£0

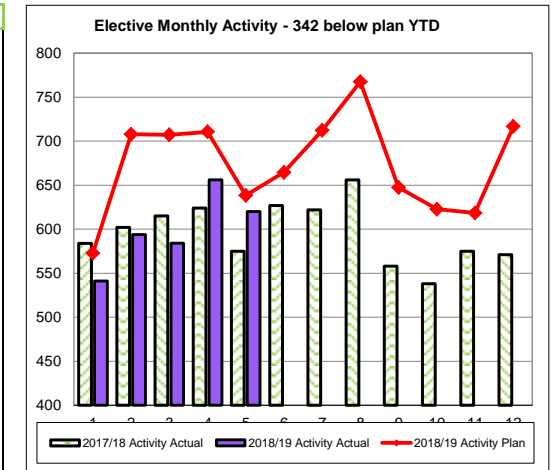
- Elective activity is 342 spells below the plan YTD but income is £360k above plan YTD.

- The activity is exactly the same YTD as last year with income £1,094k higher which suggests a richer case mix of activity is being seen.

- The July and August Elective activity have both been above average months. August is 50 spells higher than both August 2017 and August 2016.

- Urology has the biggest under performance at 165 spells however August was only 3 spells under plan.

- The under performing areas are off set by a significant over performance in T&O at 151 spells and £1,048k.

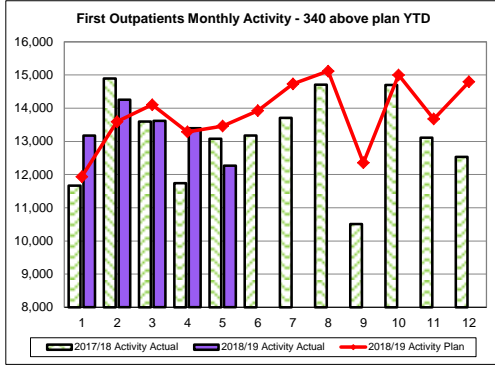


Income by Point of Delivery

First Outpatient <span style="float: right;">A</span>				
	Plan	Actual/Forecast	Variance	
	£000's	£000's	£000's	
In Month M5		£0	£0	£0
Year-to-Date M1 - M5		£0	£0	£0
Year-End Forecast		£0	£0	£0

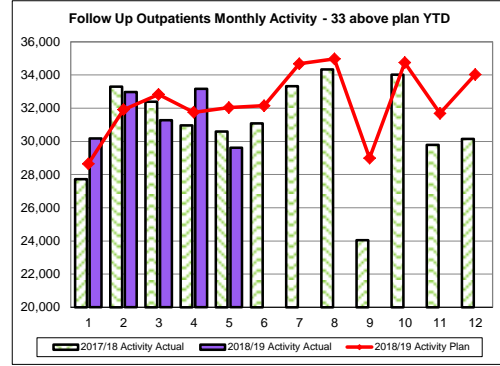
- The activity in Month 5 is 1,410 appointments below plan, the biggest specialties are Ophthalmology at 361 and Womens & Neonatal at 272 under plan.  
 - First Outpatient appointments are higher YTD than the same period last year by 1,437 at £409k.  
 - Children's Services continues to be the highest over performing Directorate at 1,883 and £334k. ☒

Activity by Point of Delivery



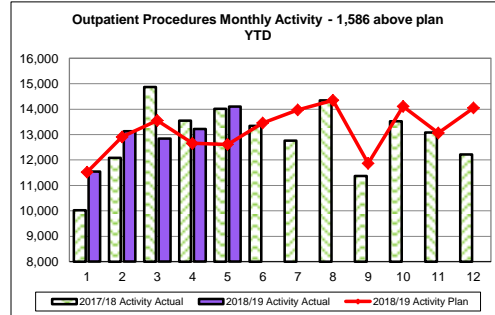
Follow Up Outpatient <span style="float: right;">R</span>				
	Plan	Actual/Forecast	Variance	
	£000's	£000's	£000's	
In Month M5		£0	£0	£0
Year-to-Date M1 - M5		£0	£0	£0
Year-End Forecast		£0	£0	£0

- The Month 5 follow up appointments are 2,976 below plan at £237k. The Month 5 performance has resulted in YTD income being £69k below plan.  
 - Follow Up Outpatients are 1,541 higher YTD than the same period last year and income is £160k higher, this relates to the year on year increase in First Outpatients.



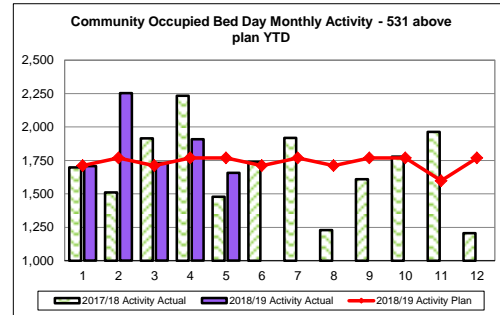
Outpatient Procedures <span style="float: right;">G</span>				
	Plan	Actual/Forecast	Variance	
	£000's	£000's	£000's	
In Month M5		£0	£0	£0
Year-to-Date M1 - M5		£0	£0	£0
Year-End Forecast		£0	£0	£0

- The Month 5 Outpatient Procedure activity is 1,336 above plan at £159k.  
 - Ophthalmology has the biggest in month over performance at 1,251 at £126k  
 - Outpatient Procedure activity is 218 higher YTD than the previous year and income is £95k higher.



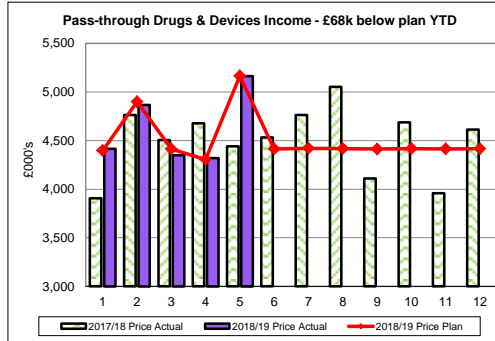
Community <span style="float: right;">A</span>				
	Plan	Actual/Forecast	Variance	
	£000's	£000's	£000's	
In Month M5		£0	£0	£0
Year-to-Date M1 - M5		£0	£0	£0
Year-End Forecast		£0	£0	£0

- Work ongoing with Wolverhampton CCG in regard to an additional £650k investment into the Community Contract. Following a quarter 1 review 10% of the investment has been released.  
 - District Nursing activity is 7,038 below plan. New monitoring reports have been developed and review meetings are taking place.  
 - Rapid Intervention Team activity is also being looked into as it is 806 activities below plan.



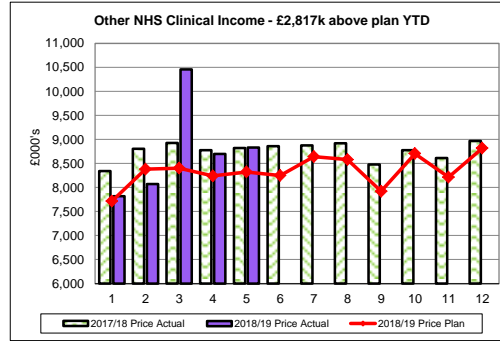
Pass-through Drugs and Devices <span style="float: right;">R</span>				
	Plan	Actual/Forecast	Variance	
	£000's	£000's	£000's	
In Month M5		£0	£0	£0
Year-to-Date M1 - M5		£0	£0	£0
Year-End Forecast		£0	£0	£0

- 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 <span style="float: right;">G</span>				
	Plan	Actual/Forecast	Variance	
	£000's	£000's	£000's	
In Month M5		£0	£0	£0
Year-to-Date M1 - M5		£0	£0	£0
Year-End Forecast		£0	£0	£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.





## Appendix A:

## Income and Expenditure Account

<b>August 2018 - Month 5</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>								
189,405	38,810	39,804	994	Patient Activity Income	470,660	192,053	196,307	4,254
686	96	65	(32)	Other Patient Care Income	1,154	481	573	92
6,594	1,326	1,325	(1)	Education, Training & Research Income	15,180	6,918	7,374	455
11,418	2,349	2,349	(0)	CRN: West Midlands	27,658	11,482	11,482	(0)
107	1,584	1,601	17	Non Patient Care Other Income	4,758	1,983	2,031	48
438	95	128	34	Private Patient Income	817	357	415	58
11,699	3,016	2,943	(73)	Income on Directorate Budgets	32,855	14,168	14,055	(113)
<b>220,347</b>	<b>47,276</b>	<b>48,215</b>	<b>938</b>	<b>Total Income</b>	<b>553,082</b>	<b>227,443</b>	<b>232,237</b>	<b>4,794</b>
<b>Expenditure</b>								
(135,087)	(29,714)	(30,692)	(978)	Directorate Expenditure Budgets - Pay	(337,144)	(140,255)	(144,753)	(4,498)
(43,440)	(9,109)	(9,492)	(383)	Directorate Expenditure Budgets - Non Pay	(111,996)	(46,429)	(47,172)	(742)
(23,223)	(5,387)	(5,542)	(155)	Directorate Expenditure Budgets - Drugs	(57,471)	(24,373)	(24,635)	(262)
(11,418)	(2,349)	(2,349)	0	CRN: West Midlands	(27,658)	(11,482)	(11,482)	(0)
0	725	0	(725)	Activity Changes/Service Dev./Cost Pressures Reserves	(8,309)	(646)	0	646
0	(1,139)	0	1,139	Inflation and Contingency Reserves	(1,567)	(2,303)	0	2,303
0	453	0	(453)	Cost Improvement Savings	19,910	2,671	0	(2,671)
<b>(213,168)</b>	<b>(46,520)</b>	<b>(48,075)</b>	<b>(1,556)</b>	<b>Total Expenditure</b>	<b>(524,234)</b>	<b>(222,818)</b>	<b>(228,042)</b>	<b>(5,224)</b>
<b>7,179</b>	<b>756</b>	<b>139</b>	<b>(617)</b>	<b>EBITDA Surplus/(Deficit)</b>	<b>28,848</b>	<b>4,625</b>	<b>4,195</b>	<b>(430)</b>
21	0	0	0	Profit/(Loss) on Asset Disposals	0	0	0	0
0	0	0	0	Impairments of Fixed Assets	0	0	0	0
(6,248)	(1,322)	(1,303)	19	Depreciation	(16,282)	(6,631)	(6,552)	79
14	3	12	9	Interest Receivable	40	17	39	22
(715)	(168)	(174)	(6)	Interest Payable	(2,030)	(843)	(866)	(22)
(4,033)	(907)	(907)	0	PDC Dividends (Cost of Capital)	(10,880)	(4,535)	(4,535)	0
0	0	0	0	Unwinding of Discount	0	0	0	0
<b>(3,782)</b>	<b>(1,638)</b>	<b>(2,234)</b>	<b>(596)</b>	<b>Net Surplus/(Deficit) before PSF income</b>	<b>(304)</b>	<b>(7,368)</b>	<b>(7,719)</b>	<b>(351)</b>
<b>Adjustments as per NHSI reported position</b>								
91	19	16	(3)	Depreciation on donated assets	233	97	86	(11)
(40)	0	0	0	Donated Asset Income	0	0	(15)	(15)
0	0	0	0	Remove Impairments	0	0	0	0
<b>(3,732)</b>	<b>(1,618)</b>	<b>(2,217)</b>	<b>(599)</b>	<b>Adjusted Financial Performance as NHSI (before PSF income)</b>	<b>(71)</b>	<b>(7,271)</b>	<b>(7,647)</b>	<b>(376)</b>
2,803	761	533	(228)	PSF Income	11,415	3,234	2,264	(970)
<b>(928)</b>	<b>(857)</b>	<b>(1,684)</b>	<b>(827)</b>	<b>Adjusted Financial Performance as NHSI (after PSF income)</b>	<b>11,344</b>	<b>(4,037)</b>	<b>(5,384)</b>	<b>(1,346)</b>

## Statement of Financial Position

Calculated Debtor Days for the year to date are:-

	M5 Actual	M5 Plan	M4 Actual
Total	14.71	11.58	18.02
Being:-			
NHS	14.32	12.55	18.46
Non NHS	16.66	5.83	15.70

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:

	M5 18/19	Cumulative
- Value	61%	65%
- Volume	32%	41%
	M4 18/19	Cumulative
- Value	75%	65%
- Volume	46%	44%

In month, there has been a decrease within the figures for PSPP due to annual leave taken within the Trust. 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>Aug 2018</u> <u>Plan</u>	<u>Aug 2018</u> <u>Actual</u>	<u>Jul 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>
<b>NON CURRENT ASSETS</b>					
Property, Plant and Equipment - Tangible Assets	330,523	329,277	329,302	(25)	331,547
Intangible Assets	965	1,037	1,067	(30)	1,115
Trade and Other Receivables Non Current	0	0	0	0	0
<b>TOTAL NON CURRENT ASSETS</b>	<b>331,488</b>	<b>330,314</b>	<b>330,369</b>	<b>(55)</b>	<b>332,662</b>
<b>CURRENT ASSETS</b>					
Inventories	6,357	6,333	6,358	(25)	6,357
Trade and Other Receivables	36,348	36,182	37,042	(860)	35,571
Other Current Assets	0	0	0	0	0
Cash and cash equivalents	11,783	13,421	13,989	(568)	16,982
<b>TOTAL CURRENT ASSETS</b>	<b>54,488</b>	<b>55,936</b>	<b>57,389</b>	<b>(1,453)</b>	<b>58,910</b>
Non Current Assets Held for Sale	800	800	800	0	800
<b>TOTAL ASSETS</b>	<b>386,776</b>	<b>387,050</b>	<b>388,558</b>	<b>(1,508)</b>	<b>392,372</b>
<b>CURRENT LIABILITIES</b>					
Trade & Other Payables	(52,711)	(58,134)	(57,957)	(177)	(56,176)
Liabilities arising from PFIs / Finance Leases	(1,979)	(1,979)	(1,979)	0	(1,979)
Provisions for Liabilities and Charges	(6,219)	(5,255)	(5,073)	(182)	(6,206)
<b>TOTAL CURRENT LIABILITIES</b>	<b>(60,909)</b>	<b>(65,368)</b>	<b>(65,009)</b>	<b>(359)</b>	<b>(64,361)</b>
<b>NET CURRENT ASSETS / (LIABILITIES)</b>	<b>(6,421)</b>	<b>(9,432)</b>	<b>(7,620)</b>	<b>(1,812)</b>	<b>(5,451)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>325,867</b>	<b>321,682</b>	<b>323,549</b>	<b>(1,867)</b>	<b>328,011</b>
<b>NON CURRENT LIABILITIES</b>					
Other Liabilities	(4,466)	(4,470)	(4,622)	152	(5,299)
Provision for Liabilities and Charges	(581)	(581)	(581)	0	(594)
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>(5,047)</b>	<b>(5,051)</b>	<b>(5,203)</b>	<b>152</b>	<b>(5,893)</b>
<b>TOTAL ASSETS EMPLOYED</b>	<b>320,820</b>	<b>316,631</b>	<b>318,346</b>	<b>(1,715)</b>	<b>322,118</b>
<b>FINANCED BY TAXPAYERS EQUITY</b>					
Public Dividend Capital	235,753	232,753	232,753	0	232,753
Retained Earnings	17,522	16,200	17,900	(1,700)	21,655
Revaluation Reserve	67,355	67,488	67,503	(15)	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>320,820</b>	<b>316,631</b>	<b>318,346</b>	<b>(1,715)</b>	<b>322,118</b>

## Cash Flow as at 31st August 2018

	August	August	August	August
	Plan £'000	Actual £'000	Variance £'000	In Month Movement £'000
<b>OPERATING ACTIVITIES</b>				
<b>Total Operating Surplus/(Deficit)</b>	<b>1,244</b>	<b>(93)</b>	<b>(1,337)</b>	<b>(631)</b>
Depreciation	6,631	6,552	(79)	1,304
Fixed Asset Impairments	0	0	0	0
Donated Assets received credited to revenue but non-cash	0	0	0	17
Interest Paid	(859)	(866)	(7)	(174)
Dividends Paid	0	0	0	0
Release of PFI /Deferred Credit	0	0	0	0
(Increase)/Decrease in Inventories	0	24	24	25
(Increase)/Decrease in Trade/Receivables	(776)	(642)	134	827
Increase/(Decrease) in Trade/Payables	(3,500)	1,492	4,992	(438)
Increase/(Decrease) in Provisions	0	(964)	(964)	182
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING</b>	<b>2,740</b>	<b>5,503</b>	<b>2,763</b>	<b>1,112</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest Received	16	39	23	12
Payment for Property, Plant and Equipment	(10,122)	(8,274)	1,848	(1,541)
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>(10,106)</b>	<b>(8,235)</b>	<b>1,871</b>	<b>(1,529)</b>
<b>NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING</b>	<b>(7,366)</b>	<b>(2,732)</b>	<b>4,634</b>	<b>(417)</b>
<b>FINANCING</b>				
New Public Dividend Capital Received	3,000	0	(3,000)	0
Capital Element of Finance Lease and PFI	(833)	(829)	4	(152)
<b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING</b>	<b>2,167</b>	<b>(829)</b>	<b>(2,996)</b>	<b>(152)</b>
<b>INCREASE/(DECREASE) IN CASH</b>	<b>(5,199)</b>	<b>(3,561)</b>	<b>1,638</b>	<b>(568)</b>
<b>CASH BALANCES</b>				
Opening Balance at 1st April 2018	16,982	16,982	0	
Opening Balance at 1st August 2018				13,989
<b>Closing Balance at 31st August 2018</b>	<b>11,783</b>	<b>13,421</b>	<b>1,638</b>	<b>13,421</b>