

Finance Report (Month 7)

Trust Board Meeting	Item No: 7
27 th November 2013	Enclosure: E1
Purpose of the Report / Paper: To update the Board on the Trust's financial position at the end of Month 7	
FOR: Information <input checked="" type="checkbox"/> Assurance <input checked="" type="checkbox"/> Discussion and input <input type="checkbox"/>	
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Financial / Resource Implications:	See below
Quality Governance:	N/A
Risk Implications - Link to Assurance Framework or Corporate Risk Register:	BAF Objective 8: To deliver the 2013/14 financial plan
Legal / Regulatory / Reputation Implications:	None
Link to Relevant CQC Standard:	None
Link to Relevant Corporate Objective:	Corporate Objective 5.1 – To deliver the 2013/14 financial plan
Impact on Patients and Carers:	
Document Previously Considered By:	
Recommendations & Action required by the Board: The Board is asked to consider the Trust's month 7 financial position.	

Kingston Hospital NHS Trust

Finance Report

October 2013 (Month 7)

Trust Board: 27th November 2013

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EXECUTIVE SUMMARY

In October the Trust achieved an EBITDA of £1.6m and an overall I&E surplus of £0.5m. However, this represents a negative variance to plan of -£0.6m and this was mainly driven by higher than planned levels of pay and non pay expenditure.

This brings the year to date surplus to £0.6m and the variance to plan is -£0.3m. This is the first month in this financial year that the Trust has underperformed against the year to date plan. This has resulted in a very slight drop in the average FRR, but the Trust's score remains a '3'.

The key movements in month were:

Income overall performance is favourable by £0.1m.

Income is overall £0.1m above plan and within this CCG patient care income is marginally under plan. This continues the reduction in the overall over performance seen in months two to four. Non elective income continued to over perform this month (£0.5m variance), especially in the medical service lines. This was offset by under performance in other income areas, largely elective (-£0.2m) and daycase (-£0.2m) income. CCG over performance remains at £1.8m year to date. Non patient care income included two one off items this month: The final EOC profit share payment for 2012/13 (£0.1m) and an increase in education income (£0.1m) to reflect the correct number of medical and nursing students we teach.

Pay Expenditure adverse by £0.3m.

Pay costs increased in October, mainly in nursing. This was largely due to escalation beds in medical wards that required funding in month as well as a high number of specials due to the large number of elderly patients seen. It is anticipated that the pay overspend on nursing will decrease next month as c50 nurses started to work at the Trust in month 7, reducing the need for agency staff. In addition, pay is being strictly monitored on a weekly basis to reduce unnecessary agency spend. *[There has been evidence in the first two weeks of month 8 that agency spend has reduced.]*

Non Pay Expenditure adverse by £0.4m.

The non pay over spend was due to a variety of factors. The main areas of overspend were drugs (increased activity on chemotherapy drugs), clinical supplies (outsourcing to the New Vic) and establishment costs (first class postage). There are initiatives underway to bring all outsourced surgical activity in-house (or to BMI's Coombe Wing) and to reduce unnecessary usage of first class postage.

CIPs

The Trust has met 73% of its CIP target for month 7 and 90% year to date. This represents a decrease compared to month 6 which is due to a large number of new schemes being added in month 7 as per the plan. These schemes are not yet achieving their targets. Emergency Care has the highest level of underperformance with the main underperforming schemes being St George's income growth, wards closures and improvement on emergency readmissions. The forecast for CIPs is to underperform by £0.7m (94% achievement). The service lines have been asked to find additional schemes to offset this underperformance.

Capital and Cash

The capital programme is £0.2m underspent against a plan of £3.5m year to date. This equals 5.6% under performance and falls within Monitor's 15% tolerance limit. The under spend is largely driven by the delay of the CRS project. Cash has increased from £7.8m in month 6 to £8.5m in month 7 due to a higher level of large one off payments in Month 7. The cash trend continues to follow the historic baseline but is still over plan.

KEY PERFORMANCE INDICATORS

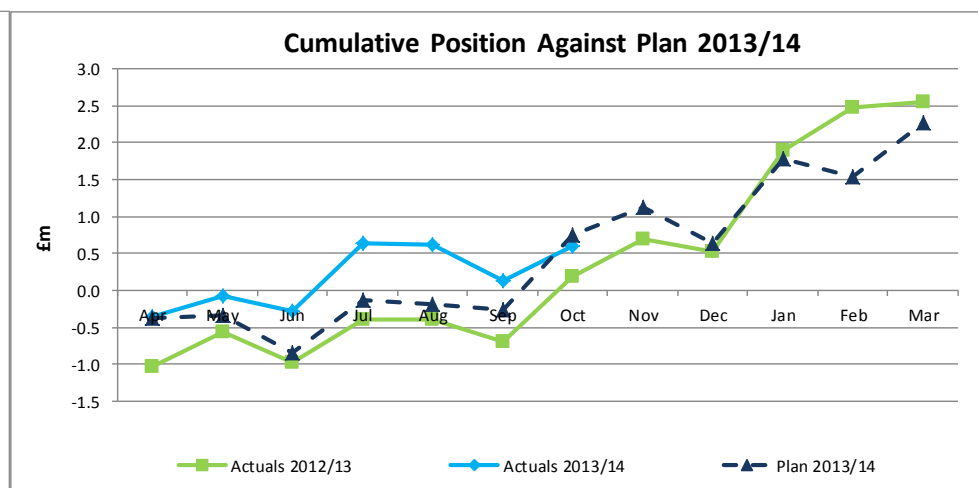
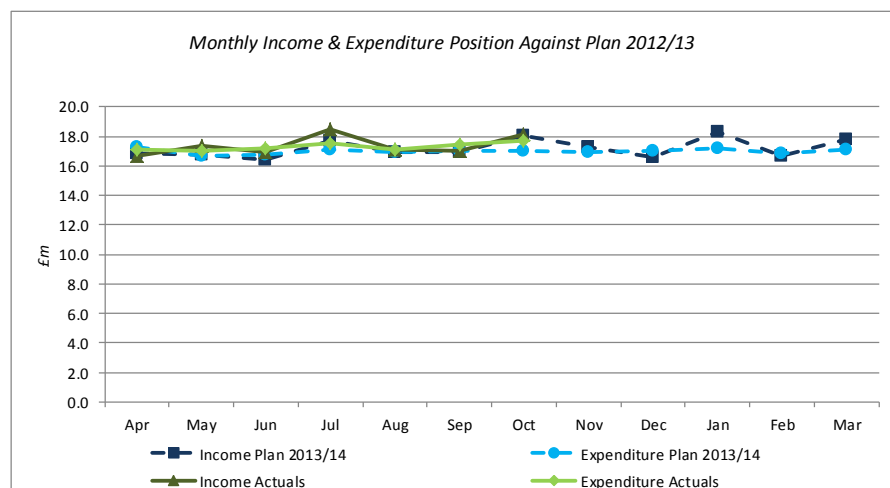
Dashboard		Actual performance										Future performance, trends and commentary	
Strategic objective	KPI description	Target (Full Year)	P/YR	Q1	Jul	Aug	Sep	Q2	Oct	YTD	Forecast	Comments	
I&E Posit	5	Surplus/(Deficit) £m	2.3	2.6	(0.3)	0.9	(0.0)	(0.5)	0.4	0.5	0.6	See page 1 for commentary	
	5	Variance to Plan £m	0.0	0.5	0.4	0.3	0.0	(0.4)	(0.1)	(0.6)	(0.3)		
FRR	5	Monitor FRR	3.0	3.2	3.0	3.0	3.0	3.0	3	3.0	3		
	5	EBITDA margin (score)	3.0	3.0	3	3	3	3	3	3	3		
	5	EBITDA, % achieved (score)	5.0	5.0	5	5	5	5	5	5	5		
	5	NRAF (Net return after financing) (score)	3.0	3.0	2	2	3	3	3	3	3		
	5	I&E surplus margin (score)	3.0	3.0	2	2	2	2	2	2	2		
	5	Liquid ratio (score)	3.0	1.0	3	3	3	3	3	3	3		
Secondary indicators	5	Breaches of Monitor's 'Secondary' indicators of financial distress	1.0	1.0	1	1	2	1	1	1	1	Breach of debtor balances over 90 days	
	5	Capital Expenditure v Plan	100%		99%	82%	62%	109%	109%	94%	94%	See capital page for comment	
	5	Creditor balances > 90 days past due account % of total creditor balance	5%	0.0	0%	0%	0%	0%	0%	0%	0%		
	5	Debtor balances > 90 days past due account % of total debtor balance	5%	11.7%	7%	10%	10%	9%	9%	9%	9%	The Trust continues to actively chase its long term debtors and answer queries in a timely manner.	
COSR	5	Quarter end cash balance number of days of operating expenses	20	11	17	19	18	15	15	16	16		
	5	Continuity of Service Risk Rating	3.0	N/A	2	3	3	3	3	3	3	Monitor is planning to change the regulatory regime to a continuity of Service Risk (COSR) from the financial risk rating in quarter 3.	
	5	Debt Service Cover	3.0	N/A	2	3	3	3	3	3	3		
5	Liquidity	3.0	N/A	2	3	3	2	2	2	2			
BPPC	5	NHS invoices paid within 30 days (by volume)	95%	84.8%	25.4%	10.3%	22.0%	54.5%	29.0%	43.9%	29.7%	See BPPC page for comment	
	5	NHS invoices paid within 30 days (by value)	95%	90.8%	29.0%	1.3%	28.5%	76.0%	35.2%	23.5%	34.3%		
	5	Non NHS invoices paid within 30 days (by volume)	95%	77.1%	34.3%	33.2%	35.9%	43.0%	37.7%	46.8%	37.7%		
	5	Non NHS invoices paid within 30 days (by value)	95%	80.1%	54.3%	43.9%	61.7%	74.0%	60.0%	65.5%	58.5%		
SLA	5	CCG Income Position v Signed SLA	0.0	0.02	1.0	0.8	0.0	(0.1)	0.7	(0.0)	1.8		
	5	Income adjustment re contract penalties	0.6	0.7	0.30	0.03	0.09	0.11	0.23	0.09	0.62	See income pages for comment	
Income	5	Percentage CQUIN achievement	100%	90%	80%	80%	80%	198%	126%	80%	90%	90% achievement YTD is being planned, the trust expects 100% in quarter 1 and a similar level of achievement in quarter 2. Oct is reported at 80% as per plan.	
	5	Non elective performance against plan	-	(0.8)	0.7	0.9	0.1	0.6	1.6	0.5	2.8		
	5	Elective and daycase performance against plan	-	(1.1)	0.2	(0.1)	(0.5)	(0.4)	(1.0)	(0.4)	(1.2)		
	5	Outpatient performance against plan	-	0.4	0.2	0.1	0.2	(0.4)	(0.1)	(0.0)	0.1		
	5	A&E performance against plan	-	0.8	(0.1)	0.1	0.1	(0.0)	0.1	(0.1)	0.0	See Income pages for comment	
	5	Critical Care performance against plan	-	(0.7)	(0.1)	0.0	0.1	(0.0)	0.1	(0.1)	0.0		
Other	5	Direct Access performance against plan	-	0.6	0.1	0.0	(0.0)	(0.1)	(0.1)	0.0	0.0		
	5	Agency spend as a % of total staff costs	5%	5%	6%	6%	5%	7%	6%	7%	6%	Agency spend remains above target and is being actively managed down.	
5	Percentage of planned CIPS achieved	100%	103%	94%	96%	93%	93%	94%	73%	90%			

SECTION 1: OVERALL INCOME AND EXPENDITURE

Summary as at the end of October

Income & Expenditure	Annual Plan £000's	IN MONTH			YEAR TO DATE			Variances		
		Budget v Actuals			Budget v Actuals			Month 4 Variance £000's	Month 5 Variance £000's	Month 6 Variance £000's
		Plan £000's	Actual £000's	Var £000's	Plan £000's	Actual £000's	Var £000's			
Income Patient Care Income	183,665	16,146	16,107	-39	106,533	108,188	1,655	830	15	-120
Other Income	22,617	1,896	2,045	149	13,202	13,460	257	-131	162	167
Income	206,282	18,042	18,152	110	119,736	121,648	1,912	699	177	48
Expenditure Pay	-126,564	-10,765	-11,101	-336	-74,199	-75,168	-969	-25	-98	-300
Non Pay	-64,133	-5,125	-5,477	-353	-36,958	-38,324	-1,366	-405	-92	-152
Contingency Released				0			0			
Expenditure	-190,697	-15,890	-16,578	-689	-111,157	-113,492	-2,336	-430	-190	-452
EBITDA	15,585	2,153	1,574	-579	8,579	8,156	-424	269	-14	-405
Depreciation and Amortisation	-7,386	-628	-594	35	-4,226	-4,064	161	25	25	9
Impairments and Disposals	0	0	0	0	0	0	0	0	0	0
Investment Revenue	16	1	3	1	9	20	11	2	1	2
Finance Costs	-3,319	-277	-281	-4	-1,936	-1,964	-28	-4	-4	-4
Public Dividend Capital	-2,613	-218	-236	-18	-1,524	-1,542	-18	0	0	0
Total I&E	2,282	1,031	466	-565	902	604	-298	292	8	-398

		Plan	In Month		Plan	YTD		YTD	YTD	YTD
EBITDA Margin	7.6%	11.9%	8.7%		7.2%	6.7%		7.2%	7.0%	6.5%
EBITDA Achieved	100.0%	100.0%	73.1%		100.0%	95.1%		113.3%	110.4%	102.4%
I&E Surplus Margin	1.1%	5.7%	2.6%		0.8%	0.5%		0.9%	0.7%	0.1%



SECTION 1: RUN RATE

Income & Expenditure		In Month Variance £'000s	Non Recurrent Items					Unadjusted Rate £'000s
			EOC	EDICS	PFI	Education Funding	Income Risk	
Income	Patient Care Income	-39						-39
	Other Income	149	-96	-40		-63	-109	-159
Income		110	-96	-40	0	-63	-109	-198
Expenditure	Pay	-336						-336
	Non Pay	-353			28			-325
	Contingency Released							
Expenditure		-689	0	0	28	0	0	-661
EBITDA		-579	-96	-40	28	-63	-109	-859
	Depreciation and Amortisation	35						35
	Impairments and Disposals	0						0
	Investment Revenue	1						1
	Finance Costs	-4						-4
	Public Dividend Capital	-18						-18
Total I&E		-565	-96	-40	28	-63	-109	-845

COMMENTARY

A number of one off items are included in the position which had the effect of reducing the in month deficit:

- The final confirmation for the EOC 2012/13 profit share came through, which increased income by £0.1m.
- The year to date EDICS revenue has been included in this month's figures. The amount that relates to months prior to M7 is £0.04m.
- There has been a PFI accrual catch up which increased non pay cost by £0.03m.
- The Trust's education funding has been adjusted upwards to reflect the correct number of medical and nursing students that we train. The non month 7 catch up equates to £0.1m.
- Income risk relating to direct access has been taken out of the position, resulting in a £0.1m increase in income. This does not affect the service lines.

SECTION 2: COST IMPROVEMENT PROGRAMME

Results for October 2013

Division	Annual	In Month			Year to Date			Annual		
	Plan £000's	Plan £000's	Actual £000's	Variance £000's	Plan £000's	Actual £000's	Variance £000's	Plan £000's	Forecast £000's	Variance £000's
Emergency Care	3,473	342	231	(111)	1,680	1,518	(162)	3,473	3,324	(149)
Specialist Services	2,841	259	180	(79)	1,298	1,154	(145)	2,841	2,789	(52)
Clinical Support Services	3,090	251	193	(58)	1,726	1,520	(206)	3,090	2,589	(501)
Commercial	119	10	10	0	69	68	(1)	119	118	(1)
Corporate Affairs	204	22	19	(3)	124	151	27	204	266	61
Finance	197	20	19	(2)	95	92	(3)	197	196	(1)
HR	151	14	5	(9)	82	59	(23)	151	138	(13)
IMT	194	16	16	0	113	107	(6)	194	188	(6)
Medical	25	2	2	0	14	14	0	25	25	0
Nursing	61	5	5	0	36	36	0	61	61	0
Operations	451	38	44	5	231	237	5	451	456	5
Total CIP	10,805	980	723	(257)	5,470	4,957	(513)	10,805	10,148	(657)

Type	Annual Plan	In Month			YTD			Annual		
	£000's	Plan £000's	Actual £000's	Variance £000's	Plan £000's	Actual £000's	Variance £000's	Plan £000's	Forecast £000's	Variance £000's
CIP schemes	8,384	754	570	(184)	4,299	3,815	(484)	8,384	7,428	(956)
			76%			89%			89%	
Income Generation	2,421	234	153	(82)	1,179	1,142	(37)	2,421	2,720	299
			65%			97%			112%	
Total CIP	10,805	989	723	(266)	5,478	4,957	(521)	10,805	10,148	(657)
			73%			90%			94%	

COMMENTARY

The forecast of £10.1m equates to 94% of the original CIP plan. The difference to budget of £0.7m needs to be generated from additional schemes. New schemes continue to be identified to bridge this gap.

The main underachieving schemes are:

Emergency Care

- Second stage of the '10 bed reduction scheme'
- Day Surgery Usage (three shift days)
- Improvement in emergency readmission following elective Surgery

Specialist Services

- Repatriation of elective work from St Georges
- Gynae skill mix
- Reduction of TTOs
- Paediatrics GP Direct Acces

Clinical Support Services

- MRI attendance ratio control
- Main Theatres: Warwick Analytics
- Growth in BMI income

The main over performing schemes are:

Emergency Care

- Elective Orthopaedic Centre over performance
- Acute Care Physician vacancy

Specialist Services

- Vacancies in play therapy, clerical & admin and neo natal nursing.

Clinical Support Services

- SWRU income over performance

SECTION 3: DIVISIONAL POSITION

Income & Expenditure	IN MONTH							YEAR TO DATE							Variances		
	Budget v Actuals			Variances				Budget v Actuals			Variances				M4	M5	M6
	Plan £000's	Actual £000's	Var £000's	Inc	Pay	Non Pay	Total	Plan £000's	Actual £000's	Var £000's	Inc	Pay	Non Pay	Total			
Clinical Support Services	-1,738	-1,804	-66	-24	-64	22	-66	-12,939	-12,686	253	374	-22	-99	253	32	219	-51
Emergency Care	3,706	3,388	-318	95	-248	-165	-318	20,131	19,778	-352	1,765	-1,334	-784	-352	331	-424	-216
Specialist Services	2,556	2,142	-415	-201	-96	-117	-415	17,110	16,350	-760	-503	60	-316	-760	137	-191	-321
Clinical Divisions	4,524	3,726	-798	-130	-408	-261	-798	24,301	23,442	-859	1,636	-1,296	-1,199	-859	500	-397	-587
Commercial Director	-157	-138	19	0	18	1	19	-1,150	-1,013	136	0	139	-3	136	29	7	26
Corporate Affairs	-314	-308	6	47	13	-53	6	-2,152	-2,150	1	268	-49	-217	1	-29	-17	16
Finance	-334	-329	5	1	2	1	5	-1,858	-1,862	-4	9	-26	14	-4	-5	-10	5
Human Resources	-135	-101	34	20	-2	16	34	-1,069	-969	100	-85	63	122	100	17	-11	24
Medical Director	-27	-30	-3	-8	5	0	-3	-186	-198	-12	-5	11	-18	-12	-4	8	-3
Nursing Director	-95	-111	-17	13	-2	-27	-17	-382	-332	49	41	3	5	49	39	3	7
Operations	-1,712	-1,737	-25	-7	43	-61	-25	-11,741	-11,803	-62	-41	226	-247	-62	40	87	-88
Directorates	-2,774	-2,755	19	66	76	-123	19	-18,538	-18,328	209	187	227	-341	209	86	66	-14
Central Income	589	629	40	41	-3	3	40	4,121	3,815	-306	-270	-27	-9	-306	-365	185	-109
Other Central Budgets	-186	-22	165	133	-1	28	160	-1,306	-773	533	359	-11	185	533	48	132	305
EBITDA	2,153	1,578	-574	110	-335	-353	-579	8,579	8,156	-424	1,912	-1,108	-1,364	-423	269	-14	-405
Depreciation & Losses	-628	-594	35				35	-4,226	-4,064	161				161	25	25	9
Interest	-275	-278	-3				-3	-1,927	-1,944	-18				-18	-2	-3	-3
PDC	-218	-236	-18				-18	-1,524	-1,542	-18				-18	0	0	0
Total I&E	1,031	471	-560				-565	902	604	-298				-298	292	8	-398

COMMENTARY

- The divisional position is shown on pages 10-13

SECTION 4 A: SERVICE LINE VARIANCE

Income & Expenditure	Annual Plan £000's	IN MONTH							YEAR TO DATE							Variances		
		Budget v Actuals			Variances				Budget v Actuals			Variances				M4	M5	M6
		Plan £000's	Actual £000's	Var £000's	Inc	Pay	Non Pay	Total	Plan £000's	Actual £000's	Var £000's	Inc	Pay	Non Pay	Total			
Anaesthetics, Theatre and DSU	-12,838	-1,072	-1,154	-82	-30	-39	-14	-82	-7,487	-7,702	-215	-112	-80	-24	-215	14	174	-335
Cancer Services	-953	-80	-55	25	16	10	-2	25	-553	-404	149	80	81	-12	149	9	47	21
Imaging	-4,609	-364	-439	-74	-27	-28	-20	-74	-2,667	-2,976	-308	-100	-229	21	-308	-23	-34	-115
Intensive Care Unit	1,348	121	105	-16	9	-19	-6	-16	651	914	262	216	42	5	262	10	36	231
Pathology	-1,624	-89	-42	47	-1	2	46	47	-878	-747	131	167	27	-63	131	6	-23	53
Pharmacy	-1,559	-106	-101	4	-1	-12	18	4	-966	-930	36	42	13	-19	36	-4	2	3
Therapies	-1,851	-148	-117	31	10	22	-1	31	-1,039	-840	199	81	124	-7	199	20	17	91
Clinical Support Service	-22,085	-1,738	-1,804	-66	-24	-64	22	-66	-12,939	-12,686	253	374	-22	-99	253	32	219	-51
A&E and AAU	1,258	97	70	-27	15	-16	-25	-27	729	637	-92	316	-235	-173	-92	-21	-76	264
Cardiology	2,666	276	102	-174	-90	-9	-74	-174	1,474	901	-573	-317	-25	-231	-573	-88	-26	-222
Elderly Care	11,966	994	1,144	150	265	-126	10	150	6,290	7,782	1,492	2,022	-529	-2	1,492	237	18	329
Gastro and Endoscopy	1,994	748	482	-266	-191	-66	-8	-266	1,111	648	-464	-271	-185	-8	-464	-31	-22	-119
General Surgery and Urology	9,058	624	724	100	42	66	-8	100	5,055	4,648	-407	-284	0	-124	-407	221	-238	-465
Respiratory	209	25	-21	-46	-20	-24	-3	-46	44	-283	-328	-193	-133	-2	-328	-22	-18	-204
Trauma and Orthopaedics	9,786	942	886	-56	73	-73	-56	-56	5,427	5,446	19	491	-227	-246	19	37	-62	202
Emergency Services	36,936	3,706	3,388	-318	95	-248	-165	-318	20,131	19,778	-352	1,765	-1,334	-784	-352	331	-424	-216
GUM	2,434	241	293	52	50	10	-8	52	1,527	1,645	119	31	95	-8	119	-9	19	14
Gynaecology and Breast	5,506	171	-42	-213	-83	-99	-32	-213	3,250	2,785	-465	-295	-130	-40	-465	-12	11	-259
Maternity	8,207	770	846	75	81	8	-14	75	4,850	5,118	269	216	84	-31	269	98	-216	263
Ophthalmology	4,342	413	270	-144	-91	-34	-19	-144	2,542	2,001	-541	-383	-49	-108	-541	17	-28	-287
Oral and ENT	3,369	328	299	-29	15	-16	-28	-29	2,030	2,099	69	112	13	-56	69	-3	19	39
Paediatrics and NNU	3,297	412	228	-183	-225	39	3	-183	1,593	1,317	-276	-385	94	16	-276	5	14	-134
Specialist Outpatients	2,342	221	248	27	51	-4	-20	27	1,319	1,384	65	202	-48	-89	65	41	-11	44
Specialist Services	29,497	2,556	2,142	-415	-201	-96	-117	-415	17,110	16,350	-760	-503	60	-316	-760	137	-191	-321
Total Clinical	44,348	4,524	3,726	-798	-130	-408	-261	-798	24,301	23,442	-859	1,636	-1,296	-1,199	-859	500	-397	-587

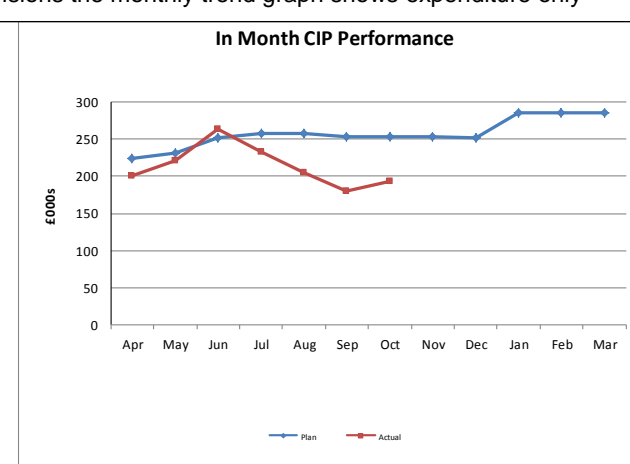
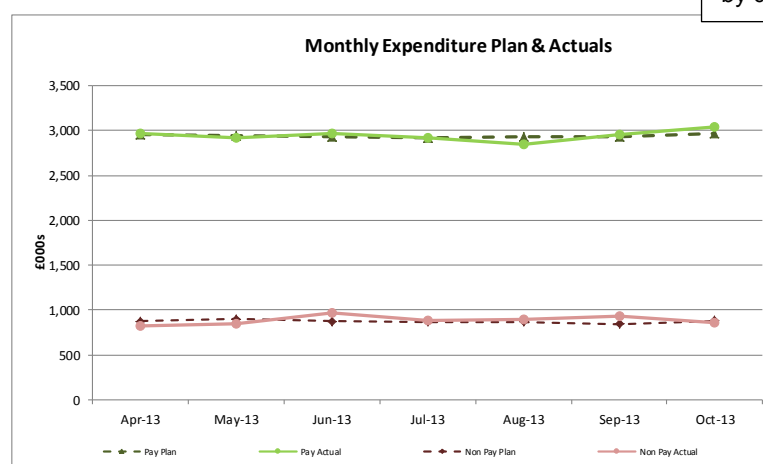
COMMENTARY

- The divisional position is shown on pages 10-13

Clinical Support Services Position as at the end of October

Due to the service line income changes affecting the in month position by divisions the monthly trend graph shows expenditure only

Income & Expenditure	Annual Plan £000's	IN MONTH			YEAR TO DATE		
		Budget v Actuals			Budget v Actuals		
		Plan £000's	Actual £000's	Var £000's	Plan £000's	Actual £000's	Var £000's
Income							
Patient Care Activities	18,446	1,683	1,714	31	10,772	11,119	347
Other	5,126	430	375	-55	2,987	3,014	27
Income	23,572	2,112	2,088	-24	13,760	14,133	374
Expenditure - Pay							
Medical & Dental	-9,778	-821	-806	15	-5,686	-5,711	-25
Nursing & Midwifery	-8,143	-695	-731	-35	-4,739	-4,829	-90
Scientific, Professional & Tech	-6,615	-554	-570	-17	-3,840	-3,842	-1
Admin & Clerical	-1,755	-139	-157	-18	-1,057	-1,092	-35
Other	-9,090	-761	-770	-9	-5,263	-5,134	129
Pay	-35,381	-2,970	-3,033	-64	-20,585	-20,607	-22
Expenditure - Non Pay							
Clinical Supplies & Services	-7,050	-599	-583	16	-4,145	-4,181	-35
Other	-3,227	-282	-275	6	-1,968	-2,031	-63
Non Pay	-10,276	-881	-859	22	-6,114	-6,212	-99
Expenditure	-45,658	-3,850	-3,892	-42	-26,698	-26,819	-121
Income Less Direct Costs	-22,085	-1,738	-1,804	-66	-12,939	-12,686	253



Income & Expenditure Commentary

- The month 7 position is £66k adverse against plan and £253k favourable YTD.
- Patient Care income is £31k favourable with an over performance in Direct Access and Critical Care income in ICU. There is an over performance in direct access income in Pathology and an underperformance in Radiology. The adverse position on other income relates to BMI income in theatres. This is being investigated by the service.
- Pay is £64k adverse in month. £13k relates to antibiotic Pharmacists who are now in post, These are non recurring posts for six months. Funding of £80k was agreed but is not yet in the division's position. There are pressures within Anaesthetics around lower than expected deanery funded posts which were filled with locums. Pressures continue in Radiology around the management of 6 week waits and clearing the plain film and ultrasound backlog. This has resulted in additional consultant reporting spend. There are also vacancies within Radiographer's Band 7/Band 6 posts which are covered by agency and bank staff.
- Nursing pay is £35k adverse in month mainly in Theatres and ICU. Recruitment to vacant posts is progressing well with new starters coming into post. There are 2 weeks of double running costs due to induction and also maternity leave within ICU causing the adverse position.
- Non pay is favourable by £22k in month. The favourable position within Pathology is offset by overspends within Outpatients mainly drugs and catheters and consumables reflecting additional outpatient activity within the trust, again drugs in Anaesthetics reflecting an increase in activity in theatres. In Radiology adverse position in month mainly relates to payments to Your Healthcare.

CIP Commentary

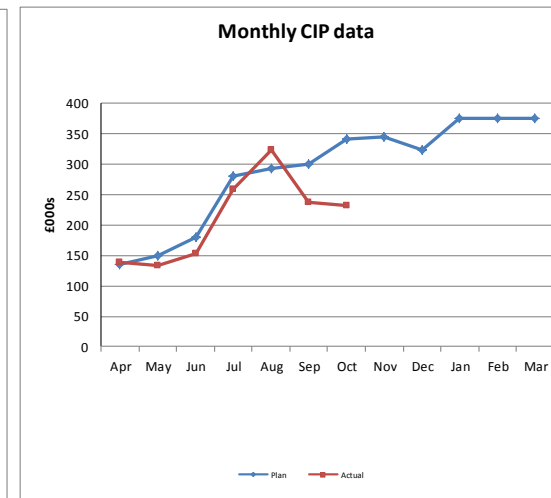
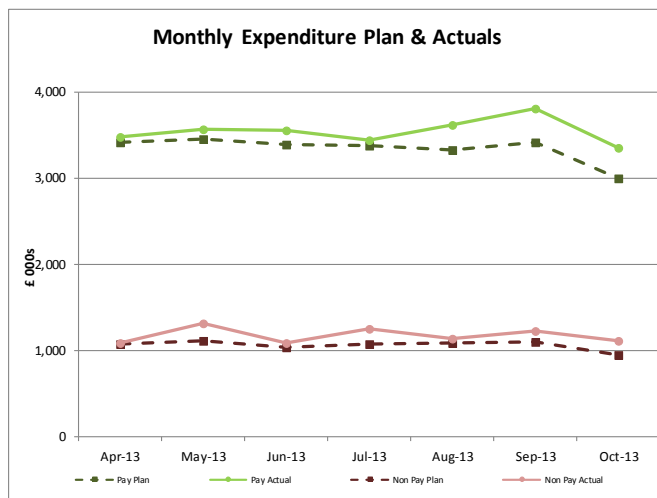
- In month 7, the division achieved £193k, 77% of its CIP target. Year to date the division has delivered £1,520k against a plan of £1,726k, 88% of YTD plan.
- In-month schemes contributing adversely to the position:
 - AMB1319 MRI ratio control
 - SUR1326 Main Theatres Warwick Analytics
 - SUR1310 Growth in BMI Income
 - AC43 Radiology Additional Job Planning PA's
 - AMB1327 Tolworth Facilities recharge
 - AC1301 Review of Divisional Admin Function
 - AC46 Service Consolidation Referred test coming in house
- The above are offset by SWRU Income over performance in month £13k and YTD £119k. This has been found non recurrently this year to offset slippage.

Divisional Actions

- Monthly budget review meetings continue to be held with budget holders.
- Pay monitoring arrangements to roll out and full implementation across the division.
- Recruitment to post authorised following approval from finance
- Regular reviews established with Budget Managers to forecast and manage budgets robustly
- Stock management plans to continue to be developed and monitored for all areas.
- Recruitment to Sonographer posts to be addressed using in house trainees to reduce the reliance on expensive agency cover
- Monitor Bank and Agency with continued and increased scrutiny
- Recruit to substantive posts where cover is being provided through bank and agency
- Substantive Recruitment to 3 Anaesthetist post to reduce reliance on expensive Locum posts.
- Fully novate and implement operational changes re 3rd party suppliers into Roche Managed Service contract.

Emergency Care Position as at the end of October

Income & Expenditure	Annual Plan £000's	IN MONTH Budget v Actuals			YEAR TO DATE Budget v Actuals		
		£000's	£000's	£000's	£000's	£000's	£000's
Income							
Patient Care Activities	85,826	7,504	7,547	43	49,317	50,981	1,664
Other	2,966	257	308	52	1,716	1,818	102
Income	88,793	7,761	7,856	95	51,034	52,799	1,765
Expenditure - Pay							
Medical & Dental	-15,111	-957	-1,003	-46	-8,885	-8,917	-32
Nursing & Midwifery	-19,921	-1,722	-1,989	-267	-11,774	-13,116	-1,343
Scientific, Professional & Tech	-641	-53	-40	14	-372	-266	106
Admin & Clerical	-2,816	-190	-231	-41	-1,669	-1,743	-74
Other	-926	-75	-93	-18	-665	-768	-103
Pay	-39,415	-2,997	-3,356	-359	-23,366	-24,810	-1,444
Expenditure - Non Pay							
Clinical Supplies & Services	-5,352	-416	-461	-45	-3,310	-3,595	-285
Other	-6,900	-531	-651	-120	-4,116	-4,615	-499
Non Pay	-12,252	-947	-1,112	-165	-7,426	-8,211	-784
Expenditure	-51,666	-3,944	-4,468	-524	-30,792	-33,021	-2,229
Income Less Direct Costs	37,127	3,817	3,388	-429	20,242	19,778	-463



Income & Expenditure Commentary

- An adverse variance against plan of £429k in Month 7 and £463k adverse YTD.
- Patient care income is favourable in month by £43k. This is due to over performance on non elective income £332k, however this is offset by an underperformance in elective £221k. Case mix issues within T&O non electives and volume in Electives is driving the underperformance. Similarly Urology and Cardiology elective activity is significantly down on plan largely volume rather than price variance. Other income is £52k favourable in month due to EOC profit share for 2012/13 being higher than expected.
- Pay is adverse in month by £359k. This is mainly under Nursing £267k due to usage of bank and agency nurses to cover escalation (wards and the AAU), specials and cost of induction. Specials account for 172k of the overspend and escalations £111k. There has been a significant effort to recruit into all of the vacancies in the medical wards and it is anticipated that over the next few months these will be filled. The medical staff overspend mainly relates to additional sessions to reduce waiting lists in the Orthopaedic specialty. This is offset by over performance in Orthopaedics income.
- Non pay is £165k adverse to plan in month. The overspend is mainly due to payments to the New Victoria hospital (£43k) and Drugs within tariff (£90k) largely due to Clinical Haematology cancer drugs, offset by income. A combination of over activity and under delivery on Drugs CIP causing the balance of the adverse variance. Non pay spend within trauma and orthopaedics reflecting the over performance in activity and income. There is also an overspend on non pay within the A&E and AAU service line reflecting the increase in non-elective activity.

CIP Commentary

The Emergency Care directorate achieved 67.6% of the CIP target in month and 90.4% of the YTD target. Work is being undertaken by the divisional management to identify new schemes to offset schemes that are now not going to deliver or have slipped.

Schemes contributing adversely to the position result from:

- To improve on Emergency Readmissions following elective Surgery based on BCBV
- Increase day surgery usage and move to 3 sessions a day
- Reduction in further 10 beds
- Reduce Alex ward from a 7 day to a 5 day ward
- Admin and Clerical review
- SGH - Income for additional 200 cases

Schemes contributing favourably to the position result from:

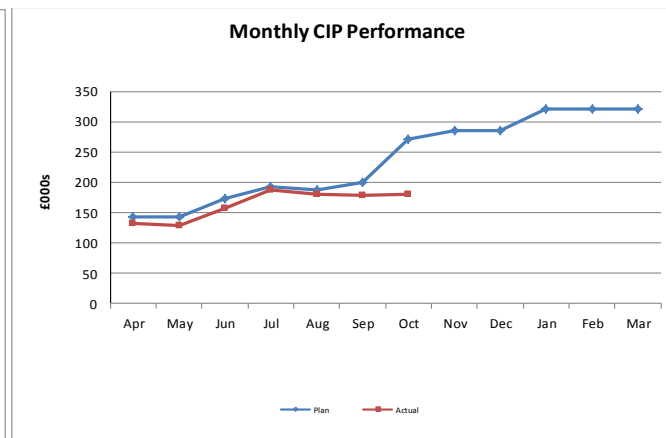
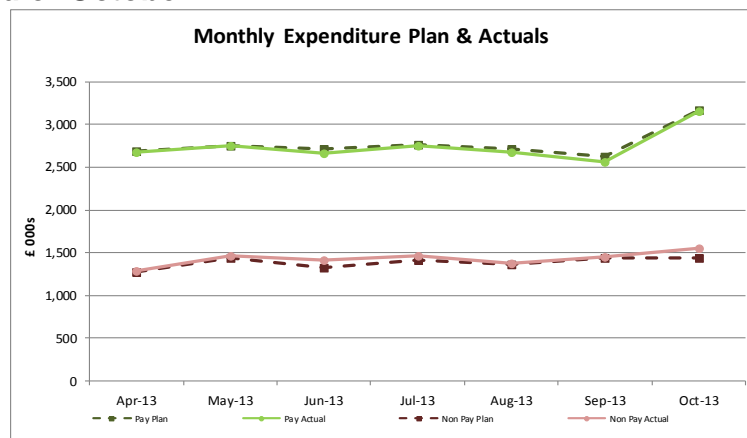
- Consultant vacancies – ACP
- EOC Over performance

Divisional Actions

- The division is continuing its work to improve patient flow and urgent care pathways through the hospital to avoid the need for escalation.
- Use e-rostering tool to scrutinise and manage staffing levels, sickness and escalate to the Exec any requests for agency staff and escalation beds.
- The division has agreed a plan for non pay and this is being implemented by each of the service lines.
- Action is being taken by the ward sisters to reduce overstocking in the ward areas.
- Forecast challenge sessions are taking place within the division with budget holders to ensure financial balance without compromising the safety of patients.
- On-going recruitment of trained nurses into vacant posts to avoid using expensive agency staff.
- Ensure monthly information is received from St Georges for EEG and EMG Tests referred from KH to ensure we are not being overcharged.
- Plans are being worked up to deliver additional activity to offset the under/non delivery on ward based CIP's
- Director of Nursing led review of the nursing establishment for Surgery and Orthopaedics. This is being implemented in Medicine.

Specialist Services Position as at the end of October

Income & Expenditure	Annual Plan £000's	IN MONTH			YEAR TO DATE		
		Budget v Actuals Plan Actual Var	Budget v Actuals Plan Actual Var	Budget v Actuals Plan Actual Var	Budget v Actuals Plan Actual Var	Budget v Actuals Plan Actual Var	
		£000's	£000's	£000's	£000's	£000's	£000's
Income							
Patient Care Activities	75,524	6,802	6,566	-236	44,290	43,715	-575
Other	3,088	257	292	36	1,827	1,899	72
Income	78,611	7,059	6,858	-201	46,117	45,613	-503
Expenditure - Pay							
Medical & Dental	-11,555	-1,257	-1,281	-24	-6,742	-6,826	-84
Nursing & Midwifery	-16,932	-1,482	-1,446	37	-9,817	-9,656	161
Scientific, Professional & Tech	-1,270	-105	-114	-9	-741	-724	18
Admin & Clerical	-3,073	-291	-272	20	-1,830	-1,744	86
Other	-474	-37	-47	-10	-289	-299	-10
Pay	-33,303	-3,173	-3,158	14	-19,419	-19,249	170
Expenditure - Non Pay							
Clinical Supplies & Services	-3,545	-318	-383	-65	-2,084	-2,149	-65
Other	-12,456	-1,122	-1,175	-53	-7,615	-7,866	-251
Non Pay	-16,001	-1,441	-1,558	-117	-9,698	-10,015	-316
Expenditure	-49,304	-4,614	-4,716	-103	-29,118	-29,264	-146
Income Less Direct Costs	29,307	2,445	2,142	-304	16,999	16,350	-649



Income & Expenditure Commentary

- The month 7 position is £304k adverse against plan and £649k adverse YTD.
- Patient Care Income is adverse by £236k in month. The underachievement of income is the main driver of the adverse position within the Specialist Services Directorate. This is due to low Ophthalmology day case and outpatient activity (£92k adverse) and consultant sick leave causing cancelled lists. This is being addressed by the service line. The occupancy within the neonatal unit is low (59%) in month and contributes to £121k of the adverse income position. There is also a financial penalty in relation to new to follow up ratios in Paediatrics. (£53k to October) The activity levels in both day case and Outpatients are below planned levels in the Breast Specialty. (£31k adverse)
- Pay is favourable by £14k in month. Midwifery staff are favourable in the month despite 18wte on maternity leave. This is due to successful recruitment and senior staff monitoring and scrutinising the bank & agency spend. This is partially offset by consultants on sick leave within Ophthalmology.
- Non pay is £117k adverse in month. This is mainly due to drugs within tariff (£44k adverse): £14k in Ophthalmology and £8k in Rheumatology. £65k in clinical supplies and services relates to Assisted Conception Unit where payments have been made to Bridge Centre which reflects an increase in IVF cycles commissioned by the CCG's (£24k) and £23k adverse position relates to hearing aids in audiology. There is also a £5k adverse position in Ophthalmic Theatres where a CIP related to Ophthalmic Consumable Packs is not being achieved.

CIP Commentary

- In month the division achieved £180k of their CIP target of £259k (69%), 89% year to date.
- In-month schemes contributing adversely to the position result from:
 - Gynae skill mix review
 - Reducing TTO's
 - Installing coffee machines
 - GP Direct access in Paediatrics
 - Ophthalmic Consumable packs
 - Reduction in transport costs
 - Admin review – Oral Surgery
 - Repatriation of Elective work from St Georges
- In-month schemes contributing favourably to the position result from:
 - Holding vacancies in play therapy
 - Non recurring admin & clerical vacancies
 - Non recurring neo natal nursing vacancies

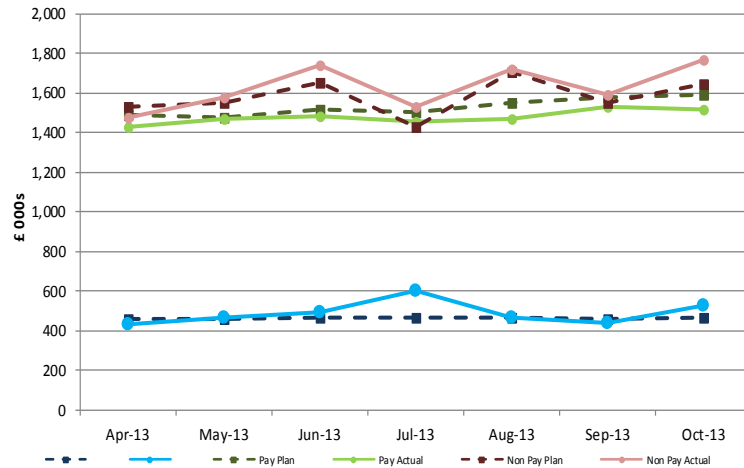
Divisional Actions

- Close monitoring of non pay spend within the division to ensure delivery of the non pay savings required for 2013/14 and maintain financial balance.
- Fortnightly pay monitoring continues with agency spend stopped.
- Authorisation process for recruiting flexible trainees.
- Recruitment into midwifery and nursing vacancies to avoid using expensive agency staff.
- The division is continuing to check all ward stock areas and ensuring all changes agreed at the procurement board are being implemented.
- Negotiate better terms of contract for the provision of interpreters.
- Specialty leads to continue with their work on reducing inappropriate ordering of diagnostics.
- Negotiate better terms of contract for the provision of MRI Services and get clarity of the charges relating to additional body parts.

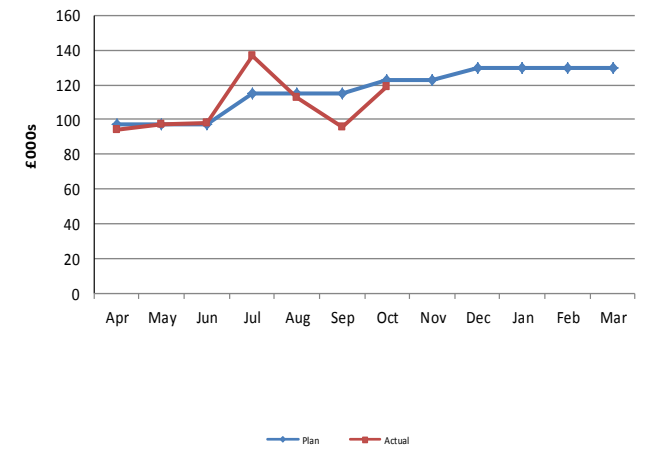
Corporate Position as at the end of October

Income & Expenditure	Annual Plan £000's	IN MONTH			YEAR TO DATE		
		Budget v Actuals			Budget v Actuals		
		Plan £000's	Actual £000's	Var £000's	Plan £000's	Actual £000's	Var £000's
Income							
Patient Care Activities	922	78	78	-1	540	555	15
Other	4,631	386	452	66	2,702	2,875	172
Income	5,553	464	530	66	3,243	3,430	187
Expenditure - Pay							
Medical & Dental	-1,631	-143	-99	45	-977	-881	96
Nursing & Midwifery	-1,376	-117	-108	9	-789	-731	59
Scientific, Professional & Tech	-94	-8	-5	3	-55	-50	5
Admin & Clerical	-8,361	-771	-784	-13	-4,971	-4,927	45
Other	-6,706	-556	-522	33	-3,921	-3,760	162
Pay	-18,167	-1,594	-1,518	76	-10,714	-10,348	366
Expenditure - Non Pay							
Clinical Supplies & Services	-167	-13	-27	-14	-88	-129	-41
Other	-18,751	-1,630	-1,739	-109	-10,979	-11,281	-302
Non Pay	-18,918	-1,644	-1,766	-123	-11,067	-11,410	-343
Expenditure	-37,085	-3,238	-3,285	-46	-21,781	-21,758	23
Income Less Direct Costs	-31,532	-2,774	-2,755	19	-18,538	-18,328	209

Monthly I&E Plan & Actuals



Monthly CIP Performance



Income & Expenditure Commentary

- Corporate was favourable at £19k in month and £209k favourable year to date.
- Income for the period was £66k favourable against budget.
- Pay continues to be underspent due to vacancies in commercial, finance and operations. Efforts are on-going to fill these vacant posts substantively.
- Non pay is £123k worse than plan in month and £343k adverse year to date. £21k relates to recognition of liability of disputed O2 mobile phone invoice. £112k relates to rising postage costs resulting from overuse of first class post.

CIP Commentary

- The division's target for 2013/14 is £1.4m and in October 97% of the in month CIP target of £123k has been achieved.
- Schemes contributing adversely to the position result from:
 - Staff bank reform
 - Estates restructure
- Schemes contributing favourably to the position result from:
 - Removal of partnership project manager

Corporate Actions

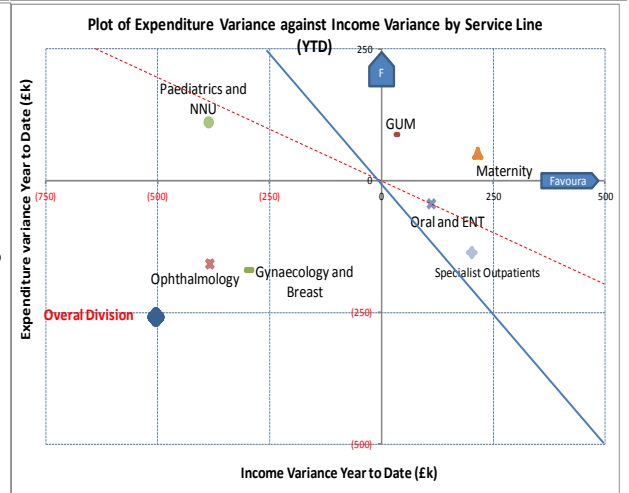
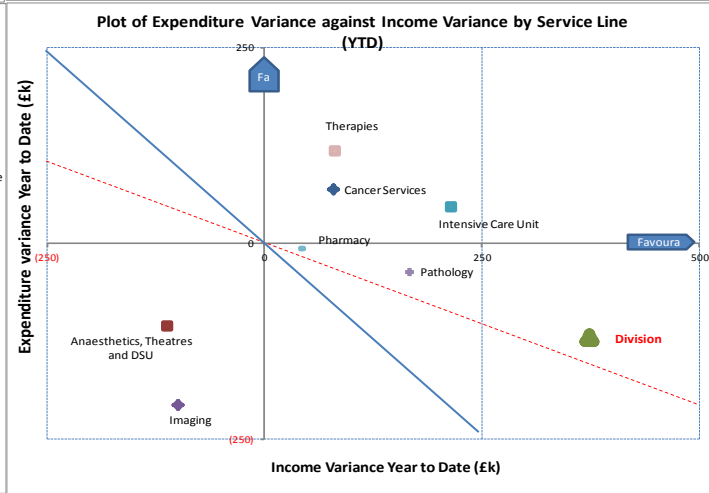
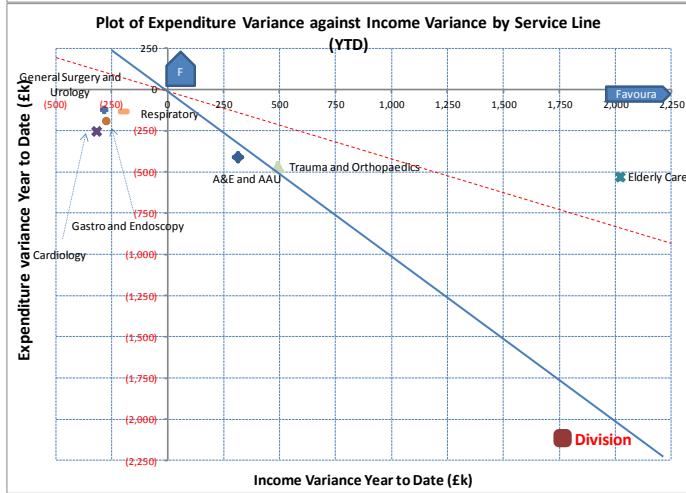
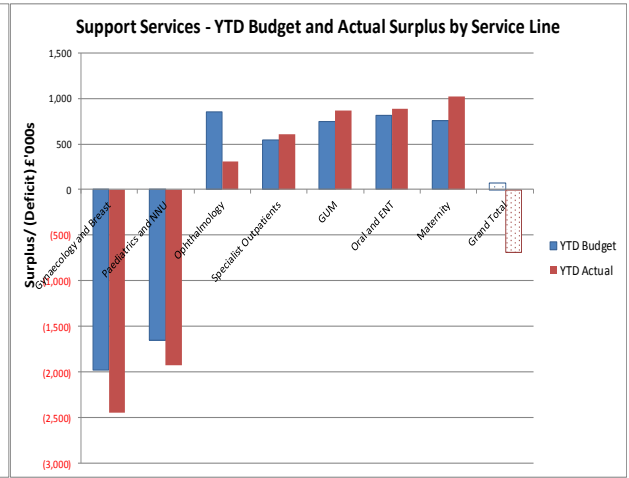
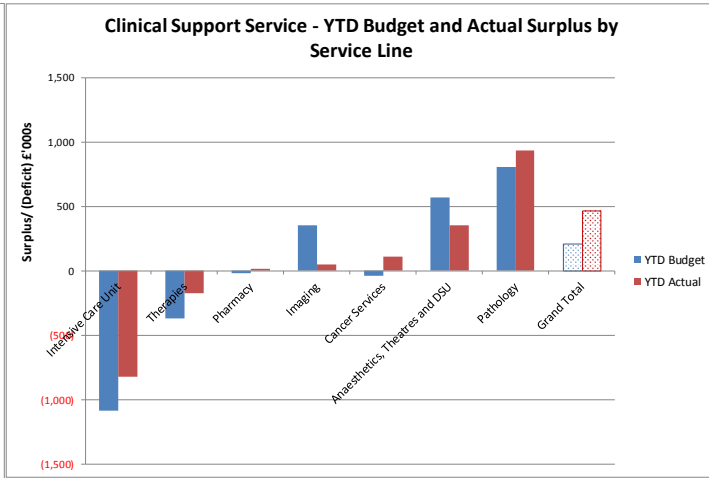
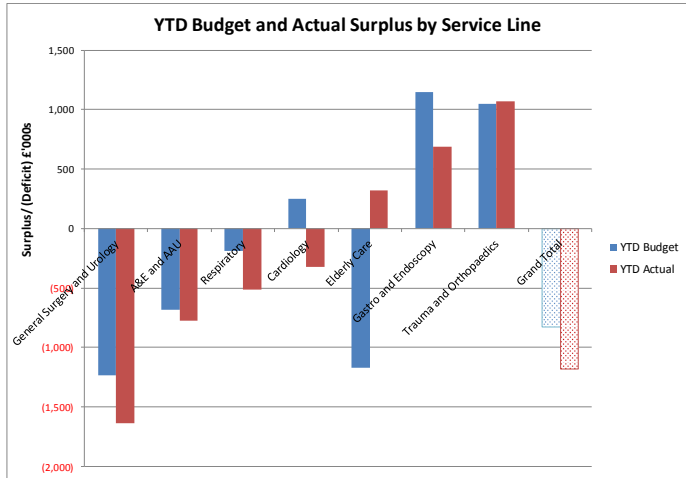
- Estates restructure consultation to start in later in the year.
- Advertising for vacant posts and managing workloads with minimal agency and bank spend.
- Increase nursery occupation.
- Review of energy spend.

SECTION 4 B: FURTHER SERVICE LINE ANALYSIS

EMERGENCY SERVICES

CLINICAL SUPPORT SERVICES

SPECIALIST SERVICES



- Emergency Services is over performing on income due to high non elective activity, but overspending on nursing to deliver the additional income.
- Due to a recording issue (that is being addressed), a large part of non elective income flows into Care of the Elderly to the detriment of the other medical service lines..

- This is the best performing division, with income over performance that is not causing excessive over spends.
- This is driven by the well performing service lines of Therapies, Cancer Services and ICU.
- The good result is partially offset by under performance in Anaesthetics & Theatres and Imaging.

- Specialist Services is under performing on both income and cost.
- The division includes two very well performing service lines (Maternity and GUM).
- However, their performance is more than offset by Ophthalmology and Gynae / Breast

SECTION 4: INCOME

Income Summary

Income	Annual Plan £000's	In Month			Year to Date			Month 4 Variance £000's	Month 5 Variance £000's	Month 6 Variance £000's
		Plan £000's	Actual £000's	Var £000's	Plan £000's	Actual £000's	Variance £000's			
Patient Care Activites - CCG	181,071	15,930	15,955	25	105,019	106,866	1,847	864	20	-32
RTA\OSV	569	47	23	-24	332	229	-103	-25	-74	-40
Private Patients	944	79	38	-41	551	472	-79	-14	10	-11
Other Patient Care Income	1,081	90	91	0	631	620	-11	5	59	-37
Total Patient Care Income	183,665	16,146	16,107	-39	106,533	108,188	1,655	830	15	-120
Education	7,697	641	719	78	4,505	4,626	121	18	22	26
BMI	2,056	172	161	-12	1,198	971	-227	-47	-50	32
Provider to Provider	4,876	414	510	96	2,831	3,242	411	61	97	99
Income Generation & Other	7,988	668	655	-13	4,668	4,620	-48	-162	93	11
Total Income	206,282	18,042	18,152	110	119,736	121,648	1,912	699	177	48

SLA Income

Income	Annual Plan £000's	In Month			Year to Date			Month 4 Variance £000's	Month 5 Variance £000's	Month 6 Variance £000's
		Plan £000's	Actual £000's	Var £000's	Plan £000's	Actual £000's	Variance £000's			
Elective	11,249	1,038	794	-244	6,522	5,337	-1,185	-102	-415	-361
Day Cases	18,701	1,709	1,550	-159	11,093	11,051	-41	-33	-72	-4
Non Elective	57,517	4,939	5,403	464	32,454	35,293	2,839	825	179	608
Non Elective Threshold	0	0	0	0	0	0	0	29	-33	33
Readmissions	-1,461	-125	-125	0	-819	-819	0	0	0	0
Out Patients	52,440	4,801	4,758	-43	30,747	30,856	109	99	237	-426
A&E	12,178	1,032	979	-53	7,149	7,128	-21	69	52	-39
Critical Care	8,799	751	697	-55	5,024	5,009	-16	9	110	-15
Direct Access	8,579	783	789	6	5,106	5,059	-47	33	-43	-122
High Cost Drugs	6,960	626	626	0	4,244	4,244	0	11	11	-18
Other	2,765	131	240	109	1,682	1,691	9	-3	-55	112
CQUIN	3,343	244	244	0	1,817	2,017	200	-74	50	200
SLA Income	181,071	15,930	15,955	25	105,019	106,866	1,847	864	20	-32

Reconciliation of commissioner contracts to SLA income per ledger

Income	Annual Plan £000's	In Month			Year to Date			Month 4 Variance £000's	Month 5 Variance £000's	Month 6 Variance £000's
		Plan £000's	Actual £000's	Var £000's	Plan £000's	Actual £000's	Variance £000's			
Commissioner Contracts	179,363	15,811	15,942	131	104,451	106,795	2,344	932	37	133
Plan adjustments		0	0	0	0	0	0	0	0	0
Surbiton	222	19	0	-19	93	0	-93	-19	-19	-19
Adjust High Cost Drugs	250	13	0	-13	250	0	-250	-49	2	-59
Raynes Park	1,236	87	13	-74	226	71	-155	-26	-73	-87
SLA Income per ledger	181,071	15,930	15,955	25	105,019	106,866	1,847	838	-53	-32

SLA Activity

Activity	Annual Plan	In Month Spells / Attendances			Year to Date Spells / Attendances			Month 4 Variance	Month 5 Variance	Month 6 Variance
		Plan	Actual	Variance	Plan	Actual	Variance			
Elective	4,408	433	284	-149	2,664	2,306	-358	-112	-182	-209
Day Cases	21,167	1,982	2,073	91	12,840	14,339	1,499	142	933	1,408
Non Elective	28,025	2,413	2,664	251	15,760	18,604	2,844	1,093	2,132	2,593
Out Patients	307,419	28,782	29,947	1,165	184,260	185,369	1,108	3,605	1,092	-57
A&E	110,674	9,365	9,386	21	65,043	65,819	776	321	763	755
Critical Care	9,217	776	652	-124	5,250	4,942	-308	136	-163	-185
Direct Access	2,647,985	241,681	260,238	18,557	1,576,182	1,671,017	94,835	25,289	70,331	76,279

COMMENTARY

Income overall is £110k above plan in month and within this CCG patient care income is marginally under plan (-£39k).

This continues the reduction in the over performance seen in months two to four. Non elective income continued to over perform this month (£0.5m variance), especially in the medical service lines. This was offset by under performance in other income areas, largely elective (-£0.2m) and daycase (-£0.2m) income. Outpatient income has recovered. CCG over performance remains at £1.8m year to date.

Other highlights of the Trust's SLA performance are as follows:

- Elective income and day cases together showed an underperformance of £0.4m in month. This is in line with the results in months 5 and 6. Gynaecology has underperformed as an income generation scheme to repatriate activity from St George's has not taken place. Discussions are on-going to resolve this. Urology (within General Surgery) and Ophthalmology both underperformed due to consultant vacancies / sickness. This is being addressed and locums have been appointed.
- Non elective income had £0.5m of over performance in month continuing the high over performance seen in the Trust from month 2. The Trust continues to show an increase in non-elective admissions compared to the same period year to date which is driving the over performance.
- Outpatient income overall recovered from under performance in the last months and is now back on track. However, there has been under performance in some areas, such as Paediatrics and Ophthalmology.
- Re-admissions reduction targets have been devolved to the divisions. In line with national policy the Trust is not funded for avoidable readmissions. For planning purposes commissioners have agreed with the Trust that 25% of re-admissions would be considered avoidable the charge for this activity is set at zero.
- CQUIN has been accrued to 80% in M7 as per plan and 90% year to date to reflect the Trust's estimation of achievement in quarters 1 and 2. Currently the Trust expects 99% quarter 1 achievement but this has not been verified with commissioners. In month 7 CQUIN has been held centrally pending the agreement of a service line split.
- Non patient care income included two one off items this month: the final EOC profit share payment for 2012/13 (£0.1m) and an increase in education income (£0.1m) to reflect the correct number of medical and nursing students that we teach.

SECTION 5: PAY COSTS

Costs	Annual Plan	In Month			Year to Date			Month 4	Month 5	Month 6
	£000's	Plan £000's	Actual £000's	Variance £000's	Plan £000's	Actual £000's	Variance £000's	Variance £000's	Variance £000's	Variance £000's
Medical & Dental	-38,074	-3,178	-3,189	-11	-22,290	-22,346	-56	75	-71	-54
Nursing & Midwifery	-46,376	-4,017	-4,274	-257	-27,122	-28,338	-1,216	-84	-166	-257
AHP	-6,849	-574	-575	-1	-3,951	-3,900	51	16	24	17
Scientific, Professional & Tech	-8,620	-720	-729	-9	-5,009	-4,881	128	21	55	6
Directors & Managers	-8,071	-669	-626	43	-4,721	-4,488	232	6	63	55
Admin & Clerical	-16,043	-1,395	-1,450	-55	-9,550	-9,549	1	-41	2	-16
Support Staff	-2,679	-223	-232	-9	-1,563	-1,573	-11	3	13	-18
Total Pay before Central Budgets	-126,713	-10,775	-11,074	-299	-74,206	-75,076	-870	-4	-81	-268
Central Budgets	149	10	-27	-37	7	-93	-99	-21	-17	-32
Total Pay	-126,564	-10,765	-11,101	-336	-74,199	-75,168	-969	-25	-98	-300

COMMENTARY

Pay costs were £0.3m over plan in month. This is a large increase in costs compared to trend.

The key points to note are:

- Nursing pay continued to be the largest area of overspend at £0.3m. This was largely due to escalation beds in medical wards that required funding in month as well as a high number of specials due to the large number of elderly patients seen. This is a growing issue for the Trust. It is anticipated that the pay overspend on nursing will decrease next month as c50 nurses started to work at the Trust in month 7, reducing the need for agency staff. In addition, pay is being strictly monitored on a weekly basis to reduce unnecessary agency spend. [*The first two weeks of month 8 showed a decrease in agency spend.*]
- Medical staff costs were overspent in month. This was mainly due to locum cover for consultant vacancies and sickness in various surgical specialties.
- Managers' costs continued to underspend in month in finance due to vacancies, however this was offset by the use of administration agency staff causing an overspend in that area. There were also underspends in the Commercial Directorate due to data quality and information vacancies being held.
- Overall 87% of posts were filled by permanent staff, 7% by agency and 6% by bank. This is an increase in agency by 2%, mainly in nursing cost.

SECTION 6: NON PAY COSTS

Non Pay	Annual Plan £000's	In Month			Year to Date			Month 4 Variance £000's	Month 5 Variance £000's	Month 6 Variance £000's
		Plan £000's	Actual £000's	Variance £000's	Plan £000's	Actual £000's	Variance £000's			
Clinical Supplies & Services	-16,123	-1,347	-1,456	-109	-9,633	-10,095	-462	-87	15	-118
Drugs	-6,076	-509	-642	-133	-3,716	-4,224	-509	-180	-20	-64
High Cost Drugs	-6,960	-626	-626	0	-4,244	-4,244	0	-7	7	0
Transport	-1,011	-84	-95	-11	-595	-704	-110	-33	-21	2
Variable	-30,171	-2,567	-2,819	-253	-18,188	-19,268	-1,080	-307	-19	-181
Establishment	-1,646	-137	-197	-60	-985	-1,195	-209	-84	-30	-61
General Supplies	-1,784	-150	-119	31	-1,047	-996	52	9	-43	73
Other	-2,356	-237	-298	-61	-1,486	-1,575	-89	-134	15	15
Premises	-5,322	-441	-434	6	-3,126	-3,146	-20	14	-29	27
PFI	-11,445	-974	-1,012	-38	-6,637	-6,685	-48	58	55	-28
CNST	-6,046	-512	-512	0	-3,587	-3,588	-2	0	0	-1
Fixed	-28,598	-2,451	-2,572	-121	-16,868	-17,185	-317	-137	-31	25
Non Pay before Central Budgets	-58,768	-5,018	-5,392	-374	-35,056	-36,453	-1,397	-443	-50	-155
Central Budgets	-5,365	-107	-85	21	-1,902	-1,871	30	39	-42	3
Total Non Pay	-64,133	-5,125	-5,477	-353	-36,958	-38,324	-1,366	-405	-92	-152

COMMENTARY

The in month non pay position for October is £0.4m adverse. The main drivers of this are:

- Drugs showed an overspend of £0.1m, which is high compared to previous months. The main area of overspend in month as well as year to date was in clinical haematology due to increased activity on chemotherapy drugs. This is being offset by income. There was also overspend in pharmacy due to unmet CIPs.
- Clinical supplies were overspent in month. Trauma and Orthopaedics overspent to cover the cost of additional activity. This includes overspend on outsourcing to a private hospital (New Victoria), which continued into the beginning of November but has now stopped. There was also increased non pay spend on storage fees (Bridge Centre) for the Assisted Conception Unit.
- Establishment costs were overspent in month mainly due to additional postage spend and mobile phone usage.

SECTION 7: STATEMENT OF FINANCIAL POSITION

	31/03/13 £m	August £m	September £m	October £m
NON CURRENT ASSETS:				
Property plant and equipment	117.5	115.9	116.2	115.9
Intangible assets	5.5	6.0	6.1	6.2
Other assets	0.5	0.7	0.7	0.7
TOTAL NON CURRENT ASSETS:	123.5	122.6	123.0	122.8
CURRENT ASSETS:				
Inventories	1.2	1.0	1.0	1.4
Trade and other receivables	11.2	13.6	17.2	17.5
Cash and cash equivalents	6.3	9.6	7.8	8.5
TOTAL CURRENT ASSETS	18.7	24.1	26.0	27.4
CURRENT LIABILITIES:				
Trade and other payables	(20.6)	(24.9)	(27.8)	(28.6)
Current Borrowings	(0.9)	(1.0)	(1.0)	(1.0)
Current Provisions	(0.6)	(0.5)	(0.5)	(0.5)
TOTAL CURRENT LIABILITIES	(22.1)	(26.4)	(29.3)	(30.1)
NET CURRENT ASSETS LESS CURRENT LIABILITIES	(3.4)	(2.3)	(3.3)	(2.7)
TOTAL ASSETS LESS CURRENT LIABILITIES	120.1	120.3	119.8	120.1
NON CURRENT LIABILITIES:				
Borrowings	(27.7)	(27.3)	(27.2)	(27.1)
Provisions	(1.5)	(1.5)	(1.5)	(1.5)
Other liabilities				
TOTAL ASSETS EMPLOYED	90.8	91.6	91.1	91.5
FINANCED BY				
TAXPAYERS EQUITY:				
Public Dividend Capital	58.0	58.0	58.0	58.0
Revaluation reserve	15.8	15.8	15.8	15.8
Retained Earnings	17.0	17.7	17.2	17.7
TOTAL TAXPAYERS EQUITY	90.8	91.6	91.1	91.5

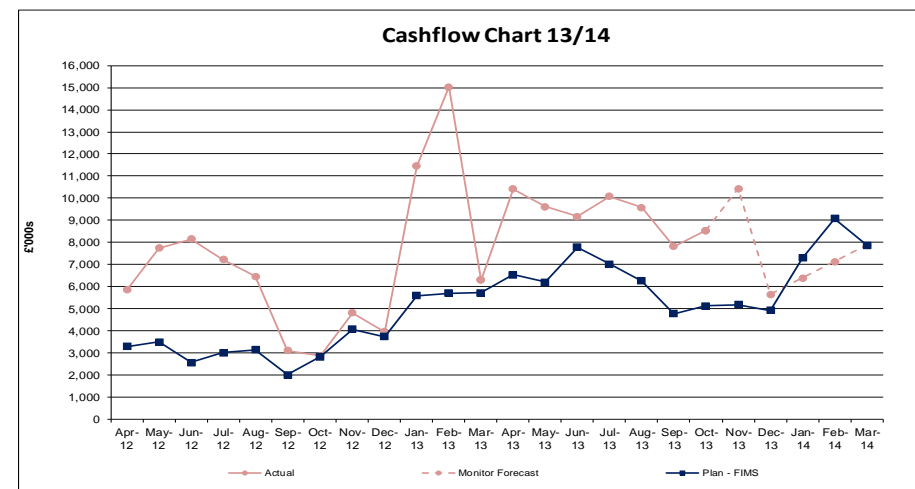
COMMENTARY

- Cash has increased by £0.7m which is mainly driven by a reduced level of creditors paid in month and increased collections on prior month receivables ,
- The Trust is working to decrease long term creditors in the system and maintain a steady state on invoices being processed by the Trust.
- In month trade and other payables increased by £0.8m primarily due to a large value Managed Service invoice (Roche Annual Contract). This liability is expected to be settled in November.
- The balance sheet, including previous months, has been adjusted for the long term liability movement in PFI as required by the auditors.

SECTION 8: CASH FLOW STATEMENT

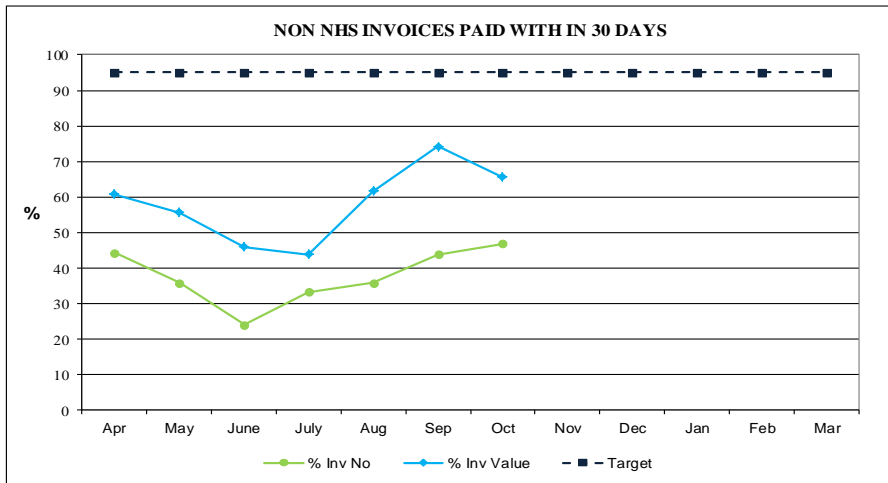
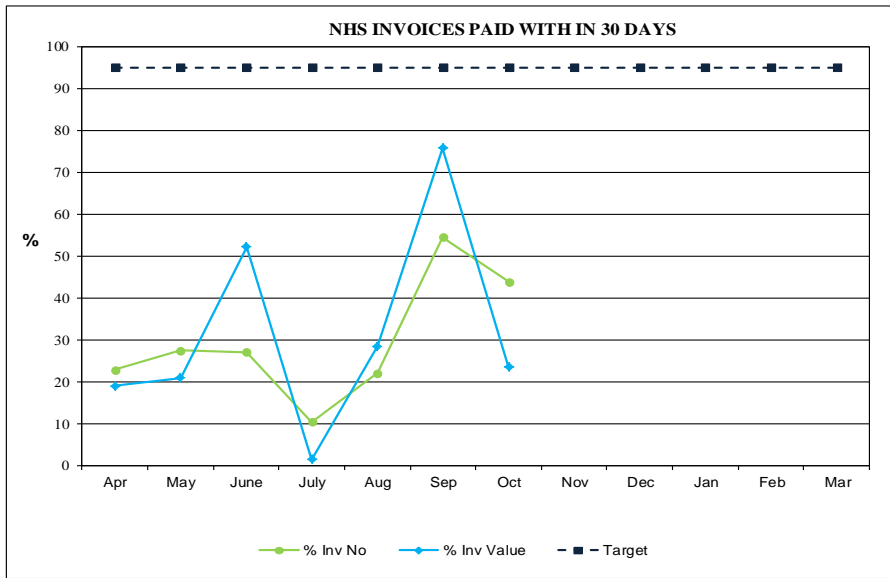
	October £m
Surplus/(deficit) after tax	0.5
Non-cash flows in operating surplus/(deficit)	
Depreciation and amortisation	0.5
PDC dividend expense	0.2
Other non cash increases/(decreases) to reconcile to profit/(loss) from operations	
Non-cash flows in operating surplus/(deficit)	0.8
Operating Cash flows before movements in working capital	1.3
Increase/(Decrease) in working capital	
(Increase)/decrease in inventories	(0.4)
(Increase)/decrease in Trade and other receivables	(0.7)
Increase/(decrease) in Current provisions	(0.0)
Increase/(decrease) in Trade and other payables	0.4
Increase/(Decrease) in working capital	(0.7)
Net cash inflow/(outflow) from operating activities	0.5
Net cash inflow/(outflow) from investing activities	
Property Plant and Equipment	0.3
Intangible assets	(0.0)
Other assets	0.0
Net cash inflow/(outflow) from investing activities	0.3
Net cash inflow/(outflow) from financing activities	
Borrowings	(0.1)
Net cash inflow/(outflow) from financing activities, Total	(0.1)
Net increase/(decrease) in cash	0.7
Opening cash	7.8
Closing cash	8.5

Better Payments Practice Code



COMMENTARY

- The cash position increased by £0.7m and continues to exceed the plan submitted to Monitor.
- September had a number of one off payments that did not occur in October, which left a higher cash balance.
- The Trust is working to ensure that all creditors are paid in a timely manner.

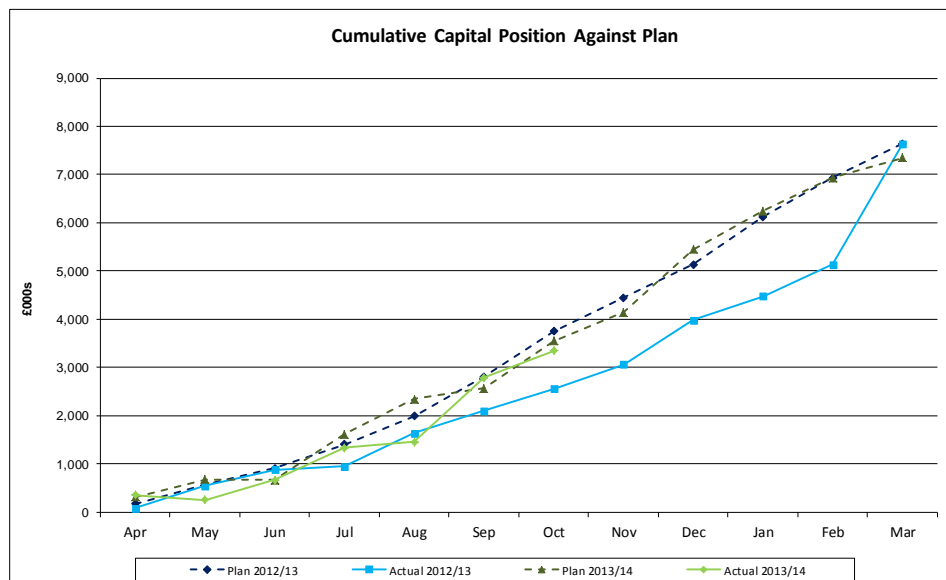


COMMENTARY

- All areas by value and by volume missed the target of 95% in month.
- However, there has been a small but continued increase of the number of invoices paid over the last few months.
- The finance department continue to work with all our suppliers by undertaking multiple payment runs per week to ensure timely payment of all authorised invoices within 30 days.

SECTION 9: CAPITAL

	2013/14 Capital Budget £000	Plan to M7 £000	Spend to M7 £000	Variance £000	Annual Plan £000	Outturn £000	Variance to Plan £000
ESTATES TOTAL	3,144	1,405	1,577	(172)	3,144	3,350	(206)
EQUIPMENT TOTAL	991	221	205	16	991	1,001	(10)
IT TOTAL	3,209	1,918	1,561	357	3,209	3,173	36
TRUST CAPITAL PROGRAMME	7,344	3,544	3,343	201	7,344	7,524	(180)
Charitable Fund Donations	300				300		300
TOTAL CAPITAL PROGRAMME	7,644	3,544	3,343	201	7,644	7,524	120



COMMENTARY

- As at Month 7, the Trust spent £3.3m. This is overall £0.2m below the Trust's planned expenditure of £3.5m.
- The Estates programme is on track.
- The IT plan is currently underspent due to the delay in the CRS project. The forecast outturn includes the required spend on the project to enable go live in early 2014/15.
- The Equipment programme is on track. The largest items on the programme, a number of ultrasound machines, have been ordered and will be delivered this quarter.
- The Trust is forecasting to meet the target of £7.3 million by the end of the financial year as well as meeting the quarterly targets for Q3 and Q4.
- The Finance team are meeting with the Estates, IT and Equipment teams on a regular basis to review and plan capital spend.

SECTION 10: FINANCIAL RISK RATING (FRR)

Metrics

EBITDA margin
 EBITDA, % achieved
 NRAF (Net return after financing)
 I&E surplus margin
 Liquid ratio

Weight	5	4	3	2	1
EBITDA margin	25%	11%	9%	5%	1%
Ebitda, % achieved	10%	100%	85%	70%	50%
NRAF (Net return after financing)	20%	3%	2%	-0.5%	-5%
I&E surplus margin	20%	3%	2%	1%	-2%
Liquid ratio	25%	60	25	15	10
	100%				<10

	12/13	13/14	13/14	13/14	13/14	13/14	13/14	13/14	13/14
Heading	M12	M1	M2	M3	M4	M5	M6	M7	M12 FOT
EBITDA margin	7.0%	4.0%	6.0%	5.7%	7.2%	7.0%	6.5%	6.7%	7.1%
EBITDA, % achieved	101%	96%	109%	112%	113%	110%	102%	95%	97%
NRAF (Net return after financing)	2.1%	-3.7%	-0.4%	-1.0%	1.6%	1.3%	0.2%	1.0%	1.6%
I&E surplus margin	1.2%	-2.2%	-0.2%	-0.6%	0.9%	0.7%	0.1%	0.5%	1.1%
Liquid ratio (days)	18.4	17.3	17.9	19.6	21.5	21.8	19.9	20.6	22.5

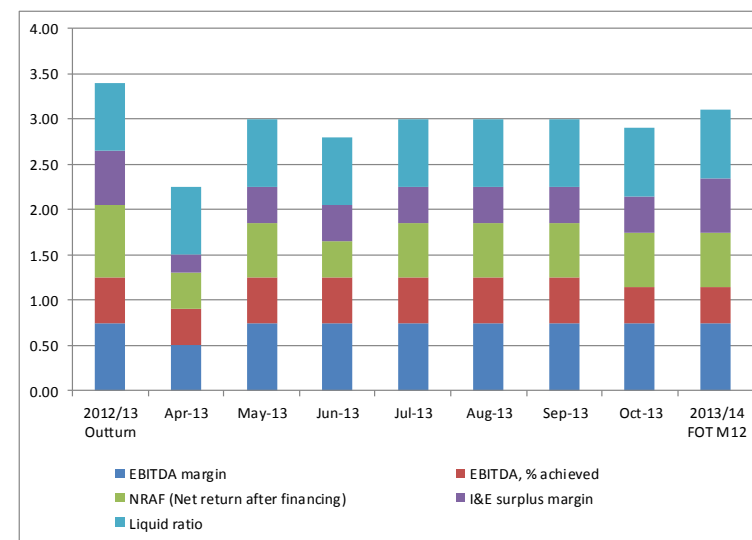
	12/13	13/14	13/14	13/14	13/14	13/14	13/14	13/14	13/14
Heading	M12	M1	M2	M3	M4	M5	M6	M7	M12 FOT
EBITDA margin	3	2	3	3	3	3	3	3	3
EBITDA, % achieved	5	4	5	5	5	5	5	4	4
NRAF (Net return after financing)	4	2	3	2	3	3	3	3	3
I&E surplus margin	3	1	2	2	2	2	2	2	3
Liquid ratio (days)	3	3	3	3	3	3	3	3	3

Weighted average FRR	3.40	2.25	3.00	2.80	3.00	3.00	3.00	2.90	3.10
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Rounded Weighted average FRR	3.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
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Overriding rules rating	4.00	2.00	4.00	3.00	4.00	4.00	4.00	4.00	4.00
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Overall Rating	3.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
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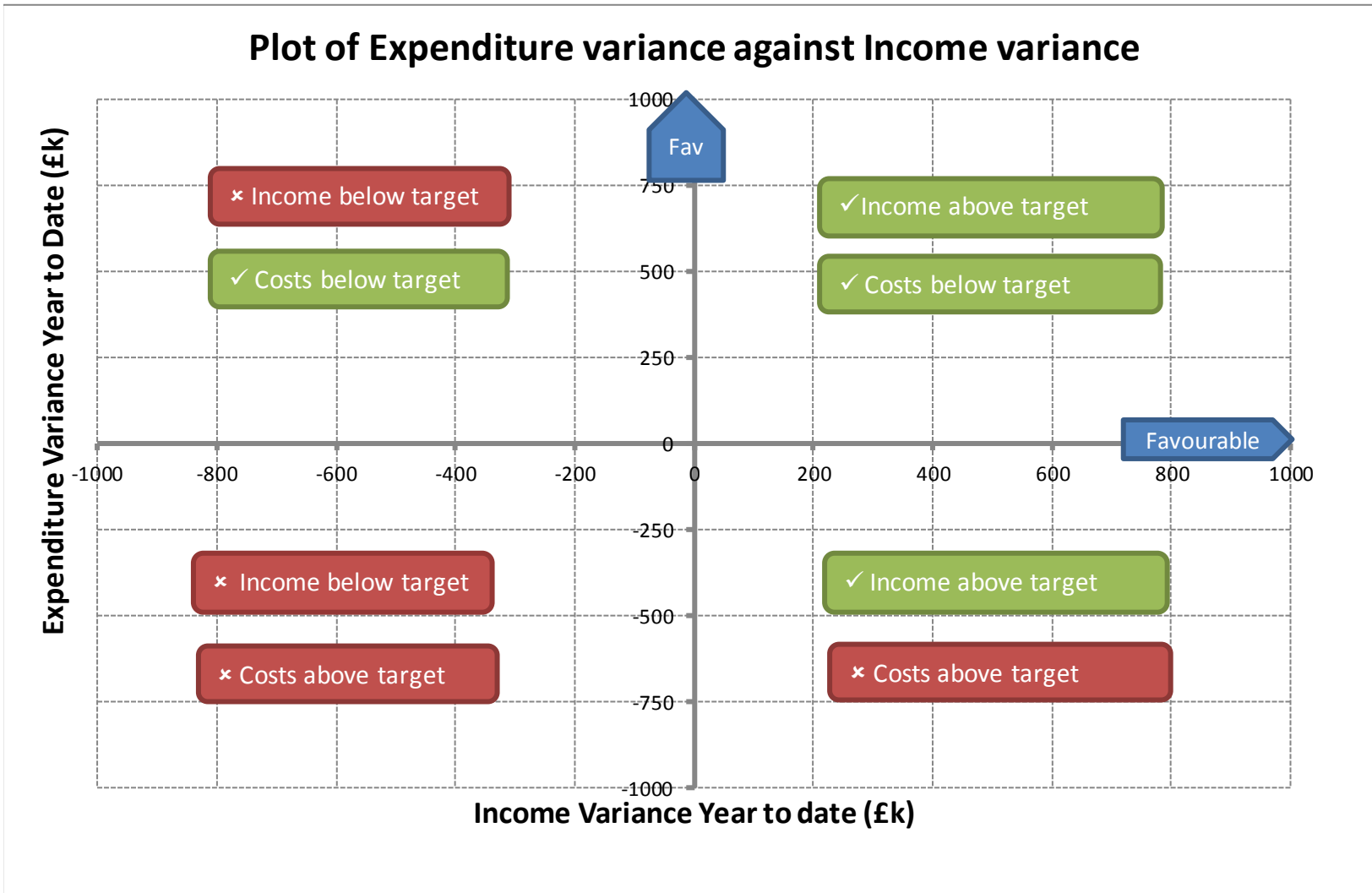
COMMENTARY

At month 7 the Trust has an FRR of '2.9' (that rounds to a '3'). The slight fall of 0.1 relates to the Trust not fully achieving its target EBITDA.

The Trust is planning for an FRR of '3' at the end of every quarter as required by Monitor and the forecast outturn for the Trust is an FRR of '3'.

APPENDICES

Appendix 1: Understanding the Variance plots



Appendix 2: Understanding the Variance plots

