

Finance Report (Month 9)

Trust Board	Item: 7.4.1
29th January 2014	Enclosure: F1
Purpose of the Report / Paper: To update the Board on the Trust's financial position at the end of Month 9	
FOR: Information <input checked="" type="checkbox"/> Assurance <input type="checkbox"/> Discussion and input <input type="checkbox"/> Decision/approval <input type="checkbox"/>	
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Risk Implications - Link to Assurance Framework or Corporate Risk Register:	BAF Objective 8: To deliver the 2013/14 financial plan
Link to Relevant Corporate Objective:	Corporate Objective 5.1 – To deliver the 2013/14 financial plan
Document Previously Considered By:	
Recommendations & Action required: The Board is asked to consider the Trust's month 9 financial position.	



Kingston Hospital NHS Trust

Finance Report

December 2013 (Month 9)

Trust Board: 29th January 2014

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EXECUTIVE SUMMARY

The Trust planned for a deficit in December due mainly to a planned decrease in elective and outpatient's income over the Christmas period. In month the Trust achieved an EBITDA of £0.6m and an overall I&E deficit of £0.5m. This represents a positive variance to plan of £7k. This maintains the improvement seen in month 8. Year to date the Trust is £0.3m adverse to plan and needs to achieve a surplus of £1.7m in the remaining months to meet the annual plan. The Trust is forecasting to meet the £2.3m surplus planned for the year.

The Trust has achieved a 3 in the Financial Risk Rating. In quarter 3 Monitor has changed its risk regime and now uses the Continuity of Service rating (COSR), this is a 1 to 4 rating system and the trust has achieved a 3 (see section 12 for details).

In month income for the Trust over performed by £0.2m. Non elective overperformance has increased in month, from the low of month 7. This was both an increase against plan and compared to the previous month with an additional £0.5m income from November to December. Both pay and non pay overspent in month. In month £0.25m of contingency was released into the position, year to date £0.65m has been released.

The Trust has received £1.1m of funding for winter to improve the quality of the service provided to patients. In month £0.3m of this funding has been deployed by the Trust, the remaining funding has been allocated to schemes in the next three months.

The key movements in month were:

Income overall performance is favourable by £0.2m.

This month sees the Trust return to overperformance on income after low performance in recent months. The key movement in month is the increase in non-elective income from break even in November to £0.4m overperformance in December. There was overperformance in both General Medicine and in A&E and AAU non elective activity. In month the Trust also had a small overperformance on electives and day cases of £40k, this is an increase on trend as the trust has a year to date underperformance of £1.4m. Cardiology has been working on a recovery plan for electives and this has resulted in overperformance in month. Gastro and Endoscopy as well as General Surgery also showed overperformance in month as a result of recovery plans.

Pay Expenditure adverse by £0.2m.

Nursing pay costs have remained low in month. This is due to tighter temporary staff controls and additional funding for quality initiatives for winter. The key area of overspending is Medical and Dental staff. This is the second month that this has been the highest overspending staff group. There have been additional locum costs in General Surgery to cover sickness but this has decreased from month 8. Trauma and Orthopaedics also employed additional medical locum consultants for additional clinics.

Non Pay Expenditure adverse by £0.3m.

There was high spend in Estates due to essential storm damage repairs. In month the Trust was informed that it would not be receiving a rebate for blood products, this has had an adverse effect on the position as the adjustment was made year to date. There were also additional drugs costs in Surgery and A&E and AAU for increased activity.

CIPs

The Trust has met 96% of its CIP target for month 9 and 96% YTD. The Trust is over performing on income generation schemes by £0.1m year to date. In month there is a £50k underperformance on work to be repatriated from St Georges. There is also underperformance on bed closures, due to non-elective pressures requiring the beds to be open.

Capital and Cash

The capital programme achieved 96% of plan year to date and is on track to achieve the year-end target. The performance to date falls within Monitor's 15% tolerance limit. Cash is has decreased from £7.3m in month 8 to £5.3m in month 8, this is mainly due to increased payment of invoices.

KEY PERFORMANCE INDICATORS

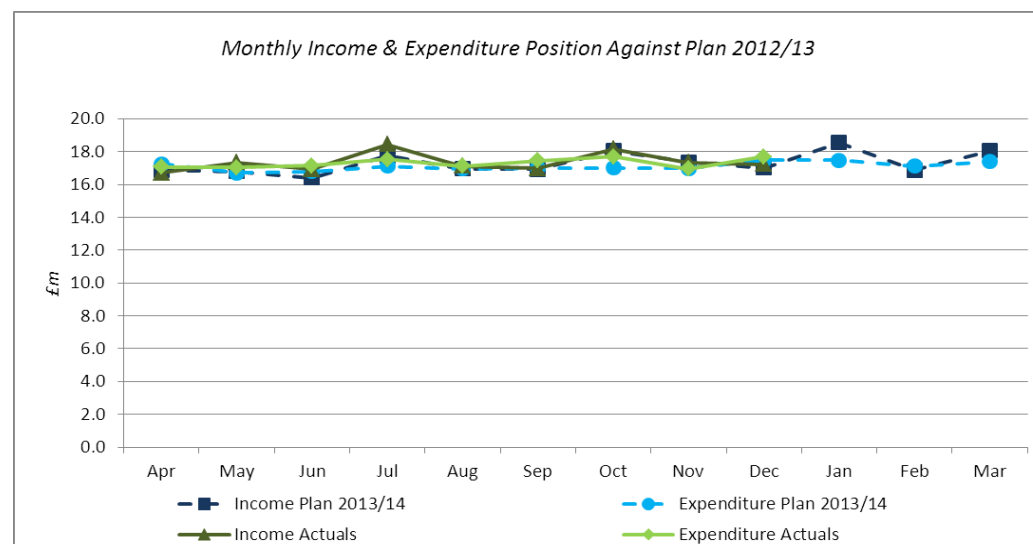
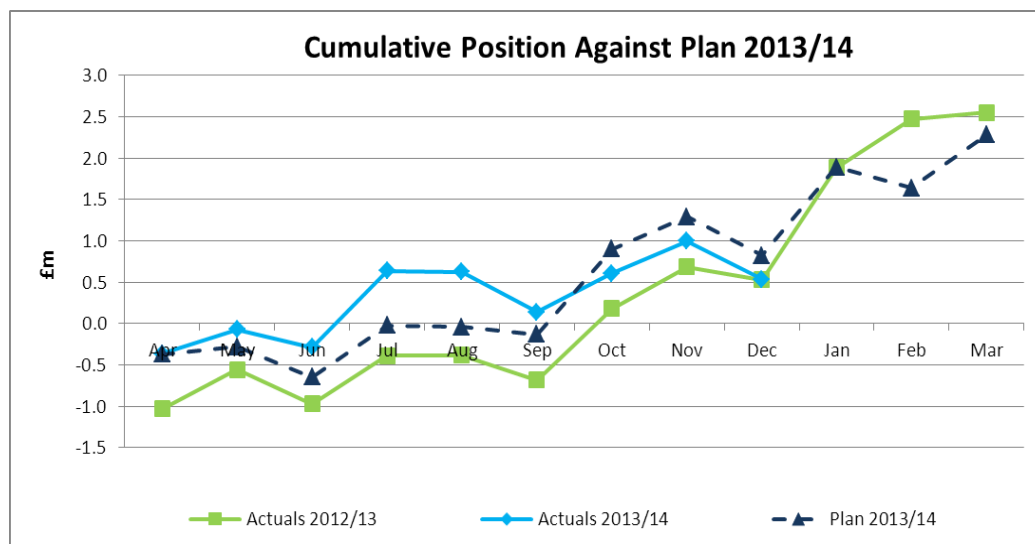
Dashboard		Actual performance													Future performance, trends and commentary	
Strategic objective	KPI description	Target (Full Year)	P/YR	Q1	Jul	Aug	Sep	Q2	Oct	Nov	Dec	Q3	YTD	Forecast	Comments	
I&E Posif	5	Surplus/(Deficit) £m	2.3	2.6	(0.3)	0.9	(0.0)	(0.5)	0.4	0.5	0.4	(0.5)	0.4	0.5		See page 1 for commentary
	5	Variance to Plan £m	0.0	0.5	0.4	0.3	0.0	(0.4)	(0.1)	(0.6)	0.0	0.0	(0.6)	(0.3)		
COSR	5	Continuity of Service Risk Rating	3.0	N/A	2	3	3	3	3	3	3	3	3	3		Monitor has changed 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	3	3	3		
	5	Liquidity	3.0	N/A	2	3	3	2	2	2	2	2	2	2		
FRR	5	Monitor FRR	3.0	3.2	3.0	3.0	3.0	3.0	3	3.0	3.3	3.0	2.9	3		
	5	EBITDA margin (score)	3.0	3.0	3	3	3	3	3	3	3	3	3	3		
	5	EBITDA, % achieved (score)	5.0	5.0	5	5	5	5	5	5	4	4	4	4		
	5	NRAF (Net return after financing) (score)	3.0	3.0	2	2	3	3	3	3	3	3	3	3		
	5	I&E surplus margin (score)	3.0	3.0	2	2	2	2	2	2	2	2	2	2		
	5	Liquid ratio (score)	3.0	1.0	3	3	3	3	3	3	3	3	3	3		
Secondary indicators	5	Breaches of Monitor's 'Secondary' indicators of financial distress	1.0	1.0	1	2	2	1	1	1	1	1	1	1		Breach of debtor balances over 90 days
	5	Capital Expenditure v Plan	100%		99%	82%	62%	109%	109%	94%	94%	96%	96%	96%		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%	0%	0%	0%		
	5	Debtor balances > 90 days past due account % of total debtor balance	5%	11.7%	7%	10%	10%	9%	9%	9%	11%	12%	12%	12%		The Trust continues to actively chase its long term debtors and answer queries in a timely manner.
	5	Quarter end cash balance number of days of operating expenses	20	11	17	19	18	15	15	16	14	10	10	10		
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%	41.3%	70.3%	35.2%	35.2%		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%	60.2%	73.2%	42.1%	42.1%		
	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%	41.8%	59.3%	40.2%	40.2%		
	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%	54.8%	80.6%	61.3%	61.3%		
SLA	5	CCG Income Position v Signed SLA	0.0	0.02	1.0	0.8	0.0	(0.1)	0.7	(0.0)	(0.1)	0.1	(0.0)	1.9		
	5	Income adjustment re contract penalties	0.6	0.7	0.30	0.03	0.09	0.11	0.23	0.09	0.05	0.05	0.19	0.72		See income pages for comment
	5	Percentage CQUIN achievement	100%	90%	80%	80%	80%	198%	126%	80%	80%	80%	80%	87%		90% achievement YTD is being planned, the trust expects 100% in quarter 1 and a similar level of achievement in quarters 2 and 3
Income	5	Non elective performance against plan	-	(0.8)	0.7	0.9	0.1	0.6	1.6	0.5	0.0	0.4	0.8	2.8		See Income pages for comment
	5	Elective and daycase performance against plan	-	(1.1)	0.2	(0.1)	(0.5)	(0.4)	(1.0)	(0.4)	(0.2)	0.0	(0.6)	(1.2)		
	5	Outpatient performance against plan	-	0.4	0.2	0.1	0.2	(0.4)	(0.1)	(0.0)	0.1	0.0	0.2	0.1		
	5	A&E performance against plan	-	0.8	(0.1)	0.1	0.1	(0.0)	0.1	(0.1)	(0.0)	(0.1)	(0.2)	0.0		
	5	Critical Care performance against plan	-	(0.7)	(0.1)	0.0	0.1	(0.0)	0.1	(0.1)	(0.0)	(0.0)	(0.1)	0.0		
	5	Direct Access performance against plan	-	0.6	0.1	0.0	(0.0)	(0.1)	(0.1)	0.0	0.1	(0.0)	0.1	0.0		
Other	5	Agency spend as a % of total staff costs	5%	5%	6%	6%	5%	7%	6%	7%	6%	7%	7%	7%		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%	104%	96%	98%	96%		

SECTION 1: OVERALL INCOME AND EXPENDITURE

Summary as at the end of December

Income & Expenditure	Annual Plan £000's	IN MONTH			YEAR TO DATE			FORECAST OUTTURN			Variances		
		Budget v Actuals			Budget v Actuals			Budget v Forecast			Month 6 Variance £000's	Month 7 Variance £000's	Month 8 Variance £000's
		Plan £000's	Actual £000's	Var £000's	Plan £000's	Actual £000's	Var £000's	Plan £000's	Forecast £000's	Var £000's			
Income Patient Care Income	184,950	15,112	15,244	132	137,130	138,784	1,653	184,950	187,530	2,580	-120	-39	-134
Other Income	22,611	1,895	1,988	94	16,982	17,441	459	22,611	22,945	334	167	149	108
Income	207,561	17,007	17,233	226	154,113	156,225	2,112	207,561	210,475	2,914	48	110	-26
Expenditure Pay	-127,963	-10,804	-11,027	-222	-95,699	-96,979	-1,280	-127,963	-129,361	-1,398	-300	-336	-89
Non Pay	-64,013	-5,548	-5,866	-318	-47,677	-49,678	-2,001	-64,013	-66,779	-2,766	-152	-353	-317
Contingency Released			250	250		650	650		1,000	1,000			400
Expenditure	-191,976	-16,352	-16,642	-290	-143,376	-146,007	-2,631	-191,976	-195,140	-3,164	-452	-689	-5
EBITDA	15,585	654	590	-64	10,737	10,218	-519	15,585	15,335	-250	-405	-579	-32
Depreciation and Amortisation	-7,386	-628	-554	75	-5,479	-5,222	257	-7,386	-7,097	289	9	35	21
Impairments and Disposals	0	0	0	0	0	0	0	0	0	0	0	0	0
Investment Revenue	16	1	2	0	12	24	12	16	30	14	2	1	1
Finance Costs	-3,319	-277	-281	-4	-2,489	-2,526	-36	-3,319	-3,350	-31	-4	-4	-4
Public Dividend Capital	-2,613	-218	-218	0	-1,960	-1,960	0	-2,613	-2,613	0	0	-18	18
Total I&E	2,282	-467	-460	7	821	534	-286	2,282	2,304	22	-398	-565	5

		Plan	In Month		Plan	YTD		Plan	Outturn		YTD	YTD	YTD
EBITDA Margin	7.5%	3.8%	3.4%		7.0%	6.5%		7.5%	7.3%		6.5%	6.7%	6.9%
EBITDA Achieved	100.0%	100.0%	90.2%		100.0%	95.2%		100.0%	100.0%		102.4%	95.1%	95.5%
I&E Surplus Margin	1.1%	-2.7%	-2.7%		0.5%	0.3%		1.1%	1.1%		0.1%	0.5%	0.7%



SECTION 2: COST IMPROVEMENT PROGRAMME

Results for December 2013

Division	Annual Plan £000's	In Month			Year to Date			Annual		
		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	3,543	335	317	(19)	2,384	2,195	(190)	3,543	3,279	(263)
Specialist Services	2,771	273	267	(6)	1,844	1,738	(106)	2,771	2,708	(62)
Clinical Support Services	3,055	248	222	(27)	2,210	2,173	(37)	3,055	2,857	(198)
Commercial	119	10	11	1	89	88	(1)	119	118	(1)
Corporate Affairs	204	17	20	3	153	191	38	204	256	52
Finance	197	20	13	(7)	136	121	(15)	197	182	(15)
HR	151	14	20	6	109	89	(20)	151	131	(20)
IMT	194	16	17	1	146	140	(5)	194	189	(5)
Medical	25	2	2	0	19	19	0	25	25	0
Nursing	61	5	5	0	46	46	0	61	61	0
Operations	486	49	61	12	338	357	19	486	494	8
Total CIP	10,805	990	954	(36)	7,474	7,157	(317)	10,805	10,300	(505)

Type	Annual Plan £000's	In Month			YTD			Annual		
		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
Quality Control	8,384	742	698	(44)	5,799	5,385	(413)	8,384	7,673	(711)
			94%			93%			92%	
Income Generation	2,421	248	257	8	1,676	1,772	96	2,421	2,627	206
			103%			106%			109%	
Total CIP	10,805	990	954	(36)	7,474	7,157	(317)	10,805	10,300	(505)
			96%			96%			95%	

COMMENTARY

In month the CIP is at 96% of plan, there is underperformance on quality control schemes which are being somewhat offset by additional income generation. Of the £7.2m achieved YTD, £6.1m (85%) is recurrent.

The forecast target of £10.3m equates to 95% of the original CIP plan. The difference to budget of £505k needs to be generated from additional schemes. New schemes continue to be identified to bridge this gap.

The main underachieving schemes year to date are:

Emergency Care

- Repatriation of electives from St Georges (£145k)
- Reduce Alex ward from 7 to 5 day (£102k)
- Improvement in emergency readmission following elective Surgery (£74k)

Specialist Services

- Repatriation of elective work from St Georges (£131k)
- Paeds rapid access referral clinic (£147k)

Clinical Support Service

- Reduction in Biomedical Scientists (£43k)
- Theatres productivity (£107k)
- Growth in BMI (£37k)

Main over performing schemes are:

Emergency Care

- Elective Orthopaedic Centre income (£285k)
- Income overperformance (£100k)

Specialist Services

- Additional IVF income (£153k)

Clinical Support Services

- Direct access income growth (£84k)
- SWRU income overperformance (£178k)
- Maintenance contracts (£52k)

SECTION 3: DIVISIONAL POSITION

Income & Expenditure	IN MONTH							YEAR TO DATE							FORECAST OUTTURN							Variances		
	Budget v Actuals			Variances				Budget v Actuals			Variances				Budget v Forecast			Variances				M6	M7	M8
	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	Plan £000's	Forecast £000's	Var £000's	Inc	Pay	Non Pay	Total			
Clinical Support Services	-1,905	-2,140	-235	-80	-44	-111	-235	-16,547	-16,348	199	440	-65	-175	199	-21,902	-21,777	125	599	-150	-325	125	-45	-28	126
Emergency Care	2,709	3,006	297	546	-229	-20	297	26,464	25,679	-786	2,114	-1,950	-950	-786	36,428	35,607	-821	2,631	-2,287	-1,165	-821	-216	-438	-597
Specialist Services	2,009	1,834	-174	-121	39	-92	-174	21,462	20,649	-813	-618	300	-494	-813	29,079	28,395	-684	-539	521	-666	-684	-321	-304	10
Clinical Divisions	2,813	2,700	-113	346	-235	-224	-113	31,380	29,980	-1,400	1,935	-1,715	-1,619	-1,400	43,605	42,224	-1,381	2,691	-1,916	-2,155	-1,381	-582	-770	-461
Commercial Director	-160	-148	12	0	11	1	12	-1,484	-1,318	166	0	166	0	166	-1,958	-1,796	162	0	193	-31	162	26	19	18
Corporate Affairs	-330	-340	-10	60	1	-71	-10	-2,847	-2,823	24	363	-40	-299	24	-3,710	-3,656	54	481	-84	-342	54	16	6	32
Finance	-253	-248	5	2	7	-5	5	-2,406	-2,407	-1	15	-23	8	-1	-3,113	-3,118	-5	19	4	-28	-5	5	-2	
Human Resources	-140	-119	20	28	4	-12	20	-1,350	-1,186	164	-7	75	96	164	-1,769	-1,624	145	-61	122	84	145	24	34	43
Medical Director	-27	-16	11	20	5	-14	11	-240	-230	10	20	20	-30	10	-321	-317	4	20	20	-36	4	-3	-3	11
Nursing Director	-53	-67	-14	3	-8	-9	-14	-488	-461	27	40	-7	-6	27	-646	-682	-36	7	-21	-22	-36	7	-17	-8
Operations	-1,806	-1,943	-137	-15	7	-130	-137	-15,892	-16,306	-413	-71	254	-596	-413	-21,206	-21,713	-507	-125	306	-688	-507	-92	-54	-180
Directorates	-2,768	-2,882	-114	98	27	-239	-114	-24,706	-24,731	-24	360	278	-828	-24	-32,723	-32,906	-182	341	540	-1,063	-182	-18	-9	-86
Central Income	589	530	-59	-81	-4	26	-59	5,299	4,921	-378	-385	-36	43	-378	7,065	6,560	-505	-514	-47	56	-505	-109	40	-13
Other Central Budgets	21	242	221	-136	-11	368	221	-1,235	47	1,282	202	26	1,054	1,282	-2,362	-544	1,818	396	26	1,396	1,818	305	160	528
EBITDA	654	590	-64	226	-222	-68	-64	10,737	10,218	-519	2,112	-1,447	-1,351	-519	15,585	15,335	-250	2,914	-1,398	-1,766	-250	-405	-579	-32
Depreciation & Losses	-628	-554	75				75	-5,479	-5,222	257				257	-7,386	-7,097	289				289	9	35	21
Interest	-275	-279	-4				-4	-2,477	-2,502	-25				-25	-3,303	-3,320	-17				-17	-3	-3	-3
PDC	-218	-218	0				0	-1,960	-1,960	0				0	-2,613	-2,613	0				0	0	-18	18
Total I&E	-467	-460	7				7	821	534	-286				-286	2,282	2,304	22				22	-398	-565	5

COMMENTARY

- The divisional position is shown on pages 9-11

SECTION 4 A: SERVICE LINE VARIANCE

Income & Expenditure	IN MONTH							YEAR TO DATE							FORECAST OUTTURN							Variances		
	Budget v Actuals			Variances				Budget v Actuals			Variances				Budget v Forecast			Variances				M6	M7	M8
	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	Plan £000's	Forecast £000's	Var £000's	Inc	Pay	Non Pay	Total			
Anaesthetics, Theatres and DSU	-888	-983	-95	-44	-42	-9	-95	-7,792	-8,147	-356	-182	-137	-37	-356	-10,381	-10,916	-535	-257	-218	-59	-535	-316	-47	-59
Cancer Services	-63	-88	-25	-38	15	-2	-25	-531	-332	199	108	106	-15	199	-711	-447	263	142	142	-21	263	21	25	75
Imaging	-432	-489	-57	-30	-34	7	-57	-3,636	-4,003	-367	-74	-320	26	-367	-4,842	-5,277	-435	-72	-408	45	-435	-115	-74	-2
Intensive Care Unit	141	121	-20	-8	2	-14	-20	920	1,157	237	221	28	-13	237	1,348	1,620	272	268	28	-24	272	231	-16	-6
Pathology	-172	-246	-74	19	-12	-81	-74	-1,403	-1,278	125	222	4	-101	125	-1,853	-1,659	195	328	-13	-120	195	53	47	68
Pharmacy	-163	-167	-4	6	-2	-9	-4	-1,294	-1,248	46	48	34	-37	46	-1,681	-1,674	7	62	88	-143	7	3	4	14
Sterile Services Department	-131	-120	11	8	6	-3	11	-1,182	-1,142	40	5	23	12	40	-1,568	-1,522	46	7	26	13	46	-14	-6	9
Therapies	-198	-168	29	7	23	-1	29	-1,631	-1,355	277	92	196	-12	277	-2,214	-1,902	312	122	205	-15	312	92	40	27
Clinical Support Service	-1,905	-2,140	-235	-80	-44	-111	-235	-16,547	-16,348	199	440	-65	-175	199	-21,902	-21,777	125	599	-150	-325	125	-45	-28	126
A&E and AAU	90	82	-8	39	-30	-17	-8	914	851	-62	423	-281	-205	-62	1,067	1,085	18	544	-247	-279	18	264	-27	37
Cardiology	4	71	67	98	-25	-6	67	1,778	1,249	-529	-230	-62	-237	-529	2,540	1,680	-860	-467	-128	-266	-860	-222	-174	-23
Elderly Care	1,037	1,234	197	234	-57	20	197	8,591	10,196	1,605	2,251	-635	-11	1,605	11,971	14,243	2,272	2,985	-652	-61	2,272	328	140	-63
Gastro and Endoscopy	85	172	87	85	-17	19	87	1,287	837	-450	-223	-233	6	-450	1,695	1,183	-512	-331	-199	18	-512	-119	-266	-73
General Surgery and Urology	784	814	31	118	-59	-28	31	6,831	5,897	-933	-402	-355	-176	-933	9,421	8,370	-1,051	-162	-661	-227	-1,051	-465	-11	-446
Respiratory	8	-46	-54	-51	-4	1	-54	79	-360	-439	-307	-134	2	-439	159	-394	-552	-414	-142	4	-552	-204	-46	-57
Trauma and Orthopaedics	701	677	-24	23	-37	-10	-24	6,985	7,008	23	602	-251	-328	23	9,575	9,439	-136	476	-257	-354	-136	202	-56	28
Emergency Services	2,709	3,006	297	546	-229	-20	297	26,464	25,679	-786	2,114	-1,950	-950	-786	36,428	35,607	-821	2,631	-2,287	-1,165	-821	-216	-438	-597
GUM	128	170	43	4	22	17	43	1,850	1,966	116	-2	139	-21	116	2,434	2,668	233	84	178	-29	233	14	52	-46
Gynaecology and Breast	366	259	-108	-118	11	-1	-108	3,964	3,559	-406	-350	-1	-55	-406	5,325	4,900	-424	-390	41	-75	-424	-259	-102	57
Maternity	568	537	-31	-43	14	-2	-31	6,066	6,339	273	165	146	-37	273	8,146	8,502	356	239	185	-68	356	263	75	35
Ophthalmology	284	206	-79	-17	-21	-41	-79	3,181	2,518	-663	-402	-114	-147	-663	4,318	3,480	-838	-496	-149	-194	-838	-287	-144	-44
Oral and ENT	209	234	25	81	-12	-44	25	2,519	2,631	112	221	22	-130	112	3,365	3,508	143	294	24	-175	143	39	-29	18
Paediatrics and NNU	296	267	-28	-43	41	-26	-28	2,201	1,751	-450	-616	177	-10	-450	3,147	2,699	-448	-772	326	-2	-448	-134	-183	-146
Specialist Outpatients	158	161	3	15	-17	5	3	1,681	1,885	204	366	-69	-94	204	2,344	2,637	293	502	-85	-124	293	44	27	135
Specialist Services	2,009	1,834	-174	-121	39	-92	-174	21,462	20,649	-813	-618	300	-494	-813	29,079	28,395	-684	-539	521	-666	-684	-321	-304	10
Total Clinical	2,813	2,700	-113	346	-235	-224	-113	31,380	29,980	-1,400	1,935	-1,715	-1,619	-1,400	43,605	42,224	-1,381	2,691	-1,916	-2,155	-1,381	-582	-770	-461

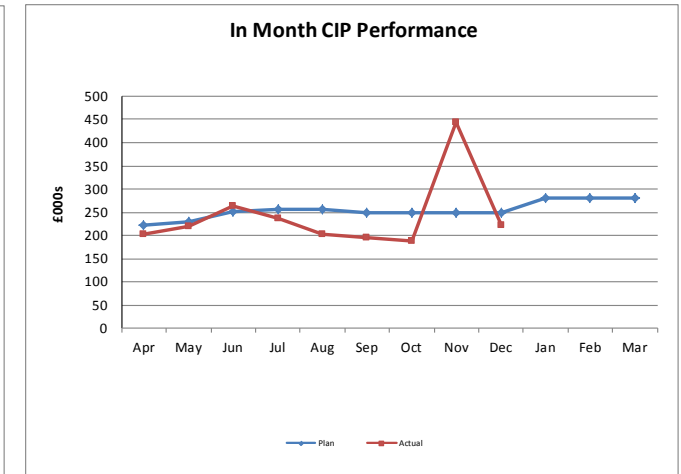
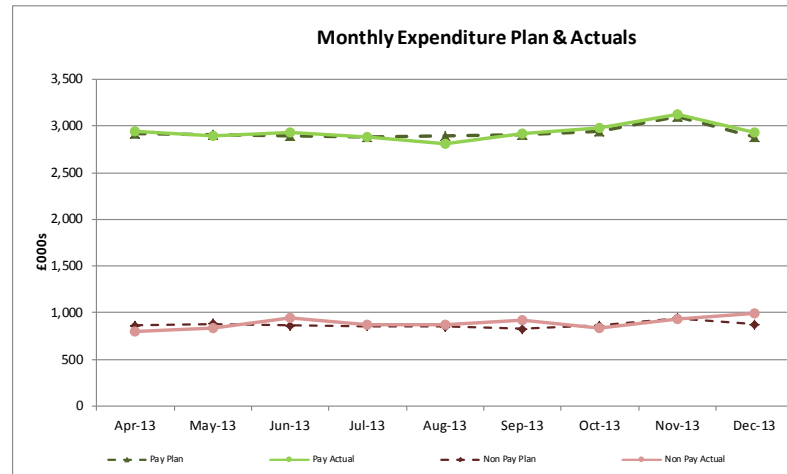
COMMENTARY

- See page 13 for comment

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

Clinical Support Services Position as at the end of December

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	18,469	1,428	1,439	11	13,767	14,226	459
Other	5,126	430	339	-91	3,844	3,825	-20
Income	23,595	1,857	1,778	-80	17,611	18,051	440
Expenditure - Pay							
Medical & Dental	-9,717	-741	-733	8	-7,278	-7,299	-22
Nursing & Midwifery	-7,599	-634	-665	-31	-5,696	-5,842	-146
Scientific, Professional & Tech	-6,737	-578	-601	-22	-5,000	-5,017	-17
Admin & Clerical	-1,650	-133	-151	-17	-1,250	-1,322	-72
Other	-9,522	-797	-779	18	-7,104	-6,913	192
Pay	-35,225	-2,884	-2,929	-44	-26,328	-26,393	-65
Expenditure - Non Pay							
Clinical Supplies & Services	-7,000	-595	-668	-74	-5,284	-5,298	-15
Other	-3,272	-283	-321	-38	-2,547	-2,708	-161
Non Pay	-10,272	-878	-989	-111	-7,831	-8,006	-175
Expenditure	-45,497	-3,762	-3,918	-155	-34,158	-34,399	-240
Income Less Direct Costs	-21,902	-1,905	-2,140	-235	-16,547	-16,348	199



Income & Expenditure Commentary

- The month 9 position is £235k adverse against plan and £199k favourable YTD.
- Patient Care income** is £11k favourable due to the over performance in income within Therapies and Cancer services. This over performance is being offset by an underperformance on income within Anaesthetics, Theatres and DSU due to the Pain service day case to OP penalty ytd of £197k. The performance in both Pathology and Radiology direct access income is broadly in line with plan in the month. The income plan for Radiology has been adjusted down to take account of the change in counting from images to attendances mainly in ultrasound. Other income is £91k adverse and mainly relates to an underperformance in BMI, anaesthetic support to St Georges and Cancer services.
- Pay** is £44k adverse in month. There are pressures within Anaesthetics around lower than expected deanery funded posts which were filled with locums and consultant sickness. 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 posts which are covered by agency and bank staff. Nursing pay is £31k adverse in month mainly in Theatres. Recruitment to vacant posts is progressing well with new starters coming into post. There are 6wte on maternity leave within ICU which is also contributing to the adverse position. In theatres there were double running costs due to three new starters. In month funding of £40k has been authorised to fund winter pressures within the Pharmacy service line to ensure TTO's are available before midday and thereby increasing early morning discharges.
- Non pay** is adverse by £111k in month. £81k of the adverse position is within Pathology where we have been informed that in 2013/14 we will not be getting the blood rebate which has a financial impact of £50k and an increase in red blood cells and low recharges for blood products in month. There are also drug overspends within Anaesthetics which relate to increase in activity. In theatres overspends relate to laparoscopic consumables and other medical and surgical consumable spend reflecting an increase in activity in theatres.

CIP Commentary

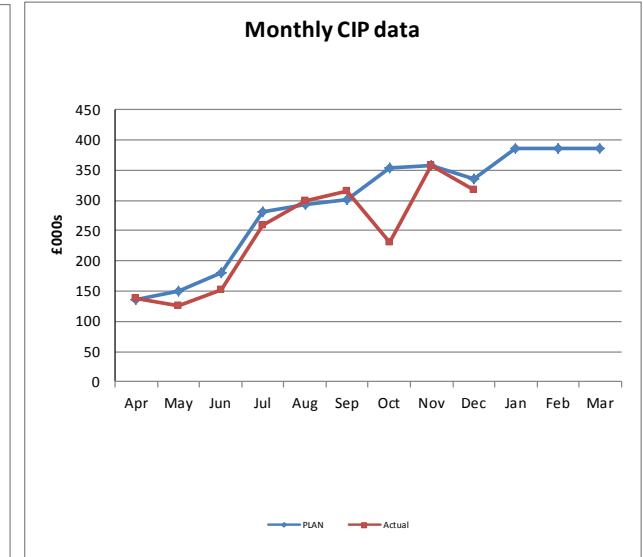
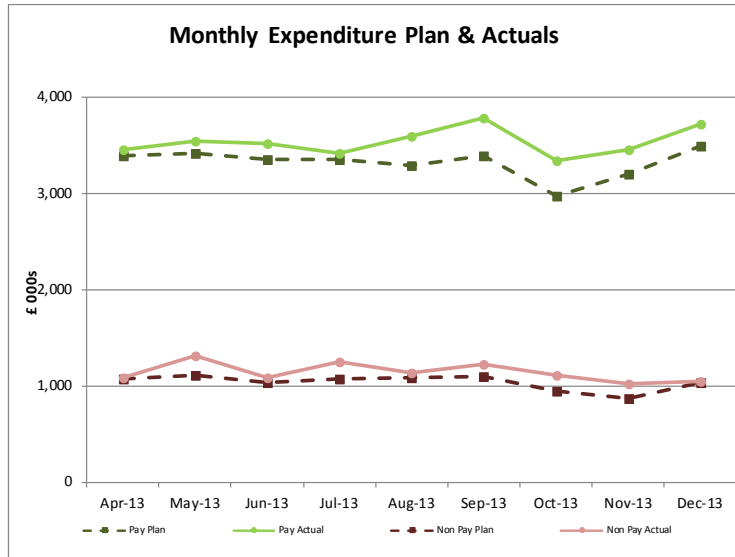
- In month 9, the division achieved £222k, 89% of its CIP target. Year to date the division has delivered £2,173k against a plan of £2,210k, 88% of YTD plan.
- In month 8 the division achieved over 100% of the target due to additional backdated mitigation schemes being found to offset underperformance
- In-month schemes contributing adversely to the position:
 - SUR1326 Main Theatres Warrick Analytics
 - SUR1310 Growth in BMI Income
 - 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, Direct Access over performance in Pathology and MRI ratio control CIP being achieved.

Divisional Actions

- Monthly budget review meetings continue to be held with budget holders.
- Manage maternity leave in a cost effective way without impacting on the quality of the service.
- 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 to reduce reliance on expensive Locum posts.
- Fully Novate and implement operational changes re 3rd party suppliers into Roche Managed Service contract.

Emergency Services Position as at the end of December

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	85,552	6,966	7,357	390	63,397	65,283	1,886
Other	2,966	257	412	156	2,229	2,457	228
Income	88,518	7,223	7,769	546	65,626	67,740	2,114
Expenditure - Pay							
Medical & Dental	-15,297	-1,345	-1,456	-112	-11,504	-11,793	-289
Nursing & Midwifery	-20,746	-1,840	-1,886	-46	-15,280	-16,697	-1,417
Scientific, Professional & Tech	-641	-54	-35	18	-479	-341	139
Admin & Clerical	-2,818	-229	-261	-32	-2,128	-2,268	-141
Other	-401	-18	-76	-58	-447	-689	-241
Pay	-39,903	-3,485	-3,715	-229	-29,838	-31,788	-1,950
Expenditure - Non Pay							
Clinical Supplies & Services	-5,347	-416	-383	33	-4,129	-4,450	-321
Other	-6,841	-613	-665	-53	-5,195	-5,824	-629
Non Pay	-12,188	-1,028	-1,048	-20	-9,324	-10,274	-950
Expenditure	-52,091	-4,513	-4,763	-250	-39,162	-42,061	-2,900
Income Less Direct Costs	36,428	2,709	3,006	297	26,464	25,679	-786



Income & Expenditure Commentary

- The month 9 position is £297k favourable against plan and £788k adverse YTD.
- Patient care income** is £390k favourable in month largely driven by non-elective £317k favourable with activity being above plan in General Medicine, A&E, cardiology, Gastro and T&O. Elective £154k favourable with activity and case mix being above plan in Urology, Gastro and Colorectal. Outpatients are also favourable by £67k mainly due to additional clinics being put on in T&O, these are continuing for the remainder of the financial year offsetting the additional locum pay expenditure. A&E is adverse in month £88k with attendances down as well as case mix which could be due to the winter weather being better than normal. Day cases are adverse in month £57k mainly due to much lower activity in T&O compared to plan.
- Pay** is adverse in month by £229k. This is largely driven by Medical and Dental expenditure, adverse by £116k. The expenditure in month includes £30k in T&O from locum consultants carrying out additional outpatient clinics, covering sickness and payment of the F1 banding arrears. General Surgical overspend is driven by the continued use of locums, albeit lower than previous months. Nursing expenditure is £46k overspent in month despite the allocation of winter monies. This is largely driven by Elderly Care service line where specials and escalation spend accounts for £82k of the spend. There continues to be bank and agency nurses to cover escalation, specials accounting for £158k of the spend across the division. Cost of induction £2k whilst the Admin & clerical overspend £32k is attributed to non-delivery of CIP.
- Non pay** is £20k adverse to plan in month. Drugs continue to be overspent (£34K - £22K General Surgery and £14K A&E) due to high activity no delivery of CIP. Transport £6k adverse across all service lines, Establishment £8k adverse due to some unachieved CIP on printing and JAG membership fee. Clinical Supplies is underspent in month £34k, £14k due to prepayment of Orthopaedics stock, and £45k on blood and test recharges.

CIP Commentary

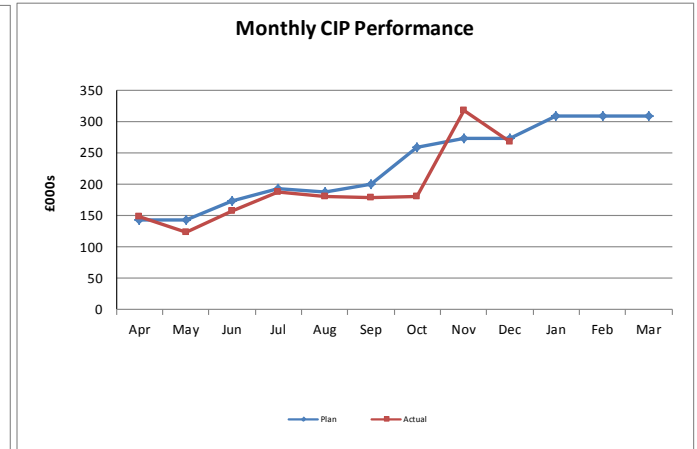
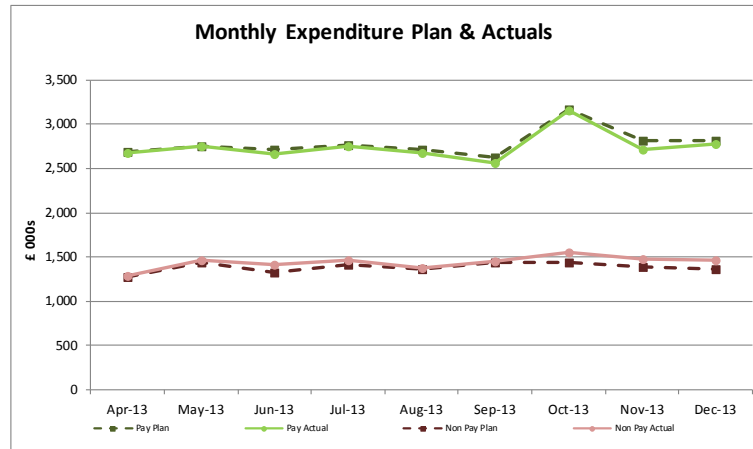
- The Emergency Care directorate achieved 94.5% of the CIP target in month and 92% of the YTD target. Work is being undertaken by the divisional management to identify new schemes and using non recurrent income over performance to offset schemes that are not delivering or have slipped.
- In month 7 the division underperformed due to underperforming schemes starting in the latter half of the year. Mitigation schemes for these have now been identified.
- Schemes contributing adversely :
 - To improve on Emergency Readmissions following elective Surgery
 - Increase day surgery usage and move to 3 sessions a day
 - Reduction in further 10 beds
 - Reduce Alex from a 7 to a 5 day ward
- Schemes contributing favourably to the position result from:
 - Lap Chole –Elective to NE
 - Non Elective over performance
 - EOC profit share performance

Divisional Actions

- Additional controls are being established to ensure that weekly pay monitoring is undertaken for all groups of staff.
- Each overspent service line is preparing a recovery plan for review by the DD and AD.
- Work is taking place in AAU to ensure that available beds on the wards are used in a more timely way, avoiding the need for escalation
- Use e-rostering tool to scrutinise and manage staffing levels and sickness
- The division is continuing to check all ward stock areas and ensuring all changes agreed at the procurement board are being implemented.
- Each service line is meeting to review drug expenditure and to produce an action plan to reduce.
- Recruitment of trained nurses into vacant posts to avoid using expensive agency staff.
- Negotiate better terms of contract for the provision of MRI Services
- Ensure monthly information is received from St Georges for EEG and EMG tests

Specialist Services Position as at the end of December

Income & Expenditure	Annual Plan £000's	IN MONTH			YEAR TO DATE		
		Budget v Actuals Plan Actual Var £000's £000's £000's	Budget v Actuals Plan Actual Var £000's £000's £000's				
Income							
Patient Care Activities	75,725	5,931	5,874	-58	56,621	55,976	-645
Other	3,087	255	193	-63	2,336	2,363	26
Income	78,811	6,187	6,066	-121	58,957	58,338	-618
Expenditure - Pay							
Medical & Dental	-11,639	-984	-994	-10	-8,718	-8,800	-82
Nursing & Midwifery	-16,980	-1,427	-1,382	45	-12,667	-12,384	283
Scientific, Professional & Tech	-1,270	-105	-106	-1	-952	-929	23
Admin & Clerical	-3,086	-251	-229	22	-2,333	-2,209	124
Other	-504	-45	-63	-18	-370	-419	-48
Pay	-33,480	-2,812	-2,773	39	-25,040	-24,741	300
Expenditure - Non Pay							
Clinical Supplies & Services	-3,591	-302	-350	-48	-2,693	-2,832	-139
Other	-12,661	-1,064	-1,108	-44	-9,761	-10,116	-355
Non Pay	-16,252	-1,366	-1,458	-92	-12,454	-12,948	-494
Expenditure	-49,732	-4,178	-4,232	-54	-37,494	-37,689	-195
Income Less Direct Costs	29,079	2,009	1,834	-174	21,462	20,649	-813



Income & Expenditure Commentary

- The month 9 position is £174k adverse against plan and £813k adverse YTD.
- Patient Care Income** is adverse by £58k in month. This is mainly due to an underperformance in IVF cycles and low delivery numbers in the month. Ophthalmology day case and outpatient activity has significantly improved and overall the speciality is in line with plan in month. The REU A&E activity is below plan in month and has resulted in a £11k adverse position. A recovery plan has been put in place to ensure delivery of the income target. One consultant in Ophthalmology who was off sick has now returned to work. The occupancy within the neonatal unit although still low has improved compared to November and this is adverse by £62k. In month the financial penalty in relation to new to follow up ratios in Paediatrics has been reversed. (£74k to month 8) In month within the Paediatrics Service line there is also an underachievement of a CIP- GP Direct access to Paediatrics bypassing A&E. (£50k).
- Pay** is favourable by £39k in month. Midwifery staff are favourable in the month despite 18wte on maternity leave. This is due to successful recruitment and senior staff monitoring the bank & agency spend. This favourable position on midwifery & nursing staff are offset by an adverse position in Medical staff due to consultants on sick leave within the Ophthalmology service line.
- Non pay** is £92k adverse in month this is mainly due to repair of 3 vents in Paeds/NNU costing £15k, drugs within tariff spend, £19k relating to lab instruments in audiology, £17k adverse position relates to hearing aids in audiology. In month £10k relates to slippage in repatriation of the maternity scanning services CIP. There is also a £14k adverse position in Ophthalmic Theatres where a CIP related to Ophthalmic Consumable Packs is not being achieved. £7k overspend also relates to the purchase of inter ocular lenses to deliver increase in activity. Costs relating to Big Hand licences and maintenance cost of Kiosks in the maternity unit have been charged from IT. A provision has also been made in Midwifery for new born hearing test charges from Chelsea & Westminster and Richmond CCG, this is being disputed.

CIP Commentary

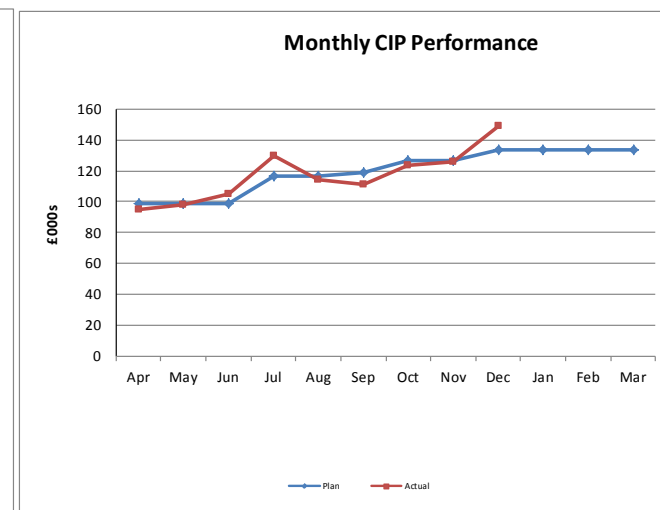
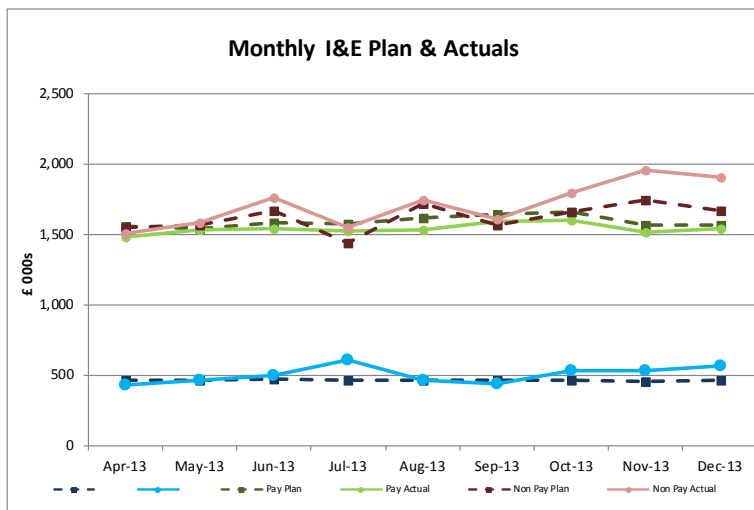
- In month the division achieved 98% of the target, 94% year to date.
- In-month schemes contributing adversely to the position result from:
 - Gynae skill mix review
 - Installing coffee machines
 - GP Direct access into Paediatrics
 - Slippage in the reduction in room rentals at QMR in relation to the maternity scanning services – This will now occur on the 31/1/2014
 - Secondment of Midwife – This scheme will deliver and over perform against the target later on in the year as the post holder is leaving the trust in September and the post will not be recruited into.
 - Ophthalmic Consumable packs
 - Reduction in transport costs
 - Admin review – Oral Surgery
- Schemes contributing favourably to the position result from:
 - Holding vacancies in play therapy
 - Non recurring admin & clerical vacancies
 - Non recurring neo natal nursing vacancies
 - Stock control in Ophthalmology
 - NHS IVF Cycles

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.
- Understand the demand and capacity for Ophthalmology
- Monthly budget holder meetings to ensure financial balance within each service line.

Corporate Position as at the end of December

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	83	5	694	710	16
Other	4,626	386	478	93	3,469	3,813	344
Income	5,548	464	562	98	4,163	4,523	360
Expenditure - Pay							
Medical & Dental	-1,631	-131	-126	4	-1,239	-1,123	116
Nursing & Midwifery	-2,015	-171	-175	-4	-1,502	-1,448	54
Scientific, Professional & Tech	-94	-8	-5	3	-70	-60	10
Admin & Clerical	-8,508	-698	-668	31	-6,446	-6,358	89
Other	-6,709	-557	-563	-6	-5,036	-4,860	176
Pay	-18,956	-1,565	-1,537	27	-14,293	-13,849	444
Expenditure - Non Pay							
Clinical Supplies & Services	-221	-19	-25	-6	-157	-242	-85
Other	-19,094	-1,649	-1,882	-233	-14,419	-15,162	-743
Non Pay	-19,315	-1,668	-1,906	-239	-14,576	-15,405	-828
Expenditure	-38,271	-3,232	-3,444	-211	-28,870	-29,254	-384
Income Less Direct Costs	-32,723	-2,768	-2,882	-114	-24,706	-24,731	-24



Income & Expenditure Commentary

- Corporate was adverse at £114k in month and year to date £24k.
- Income** for the period was £98k adverse to budget. This was predominantly due to income received for SWL pathology which is offset by additional non pay spend on consultancy and legal fees. There is also continued under-achievement of income from staff nursery and on the car parking.
- Pay** continues to underspend, due to vacancies in commercial, finance and operations. Efforts are on-going to fill these vacant posts substantively.
- Non pay** is £211k adverse in month and £828k adverse year to date. £80k relates to maintenance costs incurred due to adverse weather conditions. There is also continued overspend on postage resulting from overuse of first class post. Telecoms are overspending and the division is investigating to reduce this spend. There was also £68k on SWL pathology which offsets with income.

CIP Commentary

- The division's target for 2013/14 is £1.4m and in December 111% of the in month CIP target of £127k has been achieved.
- Schemes contributing adversely to the position result from:
 - Finance e-rostering restructure
 - HR e-rostering restructure
 - Estates restructure
- Schemes contributing favourably to the position result from:
 - Reduction in PFI insurance
 - Removal of project manager
 - Non Recurrent pay savings

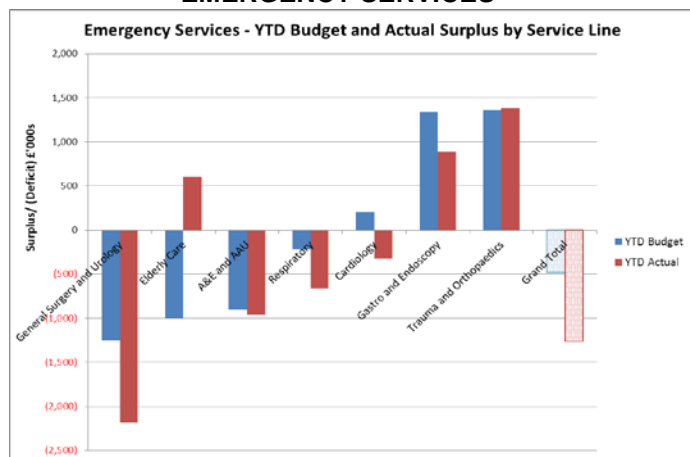
Corporate Actions

- Estates restructure consultation to be completed.
- Advertising for vacant posts and managing workloads with minimal agency and bank spend.
- Increase nursery occupation.
- Review of energy spend.

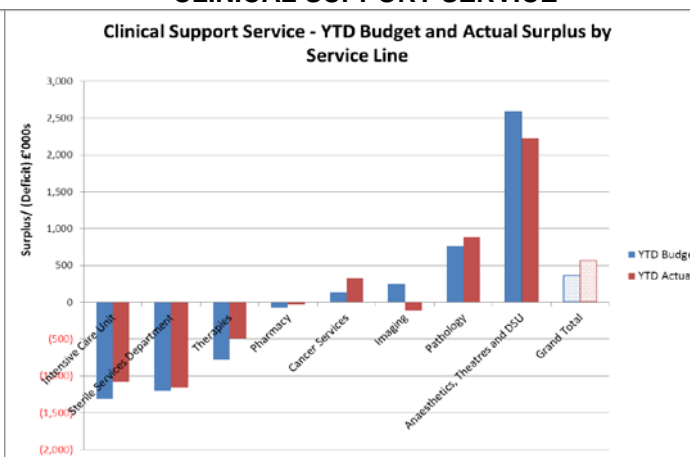
See Appendix 1 for interpretation of quadrant graphs

SECTION 4 B: FURTHER SERVICE LINE ANALYSIS

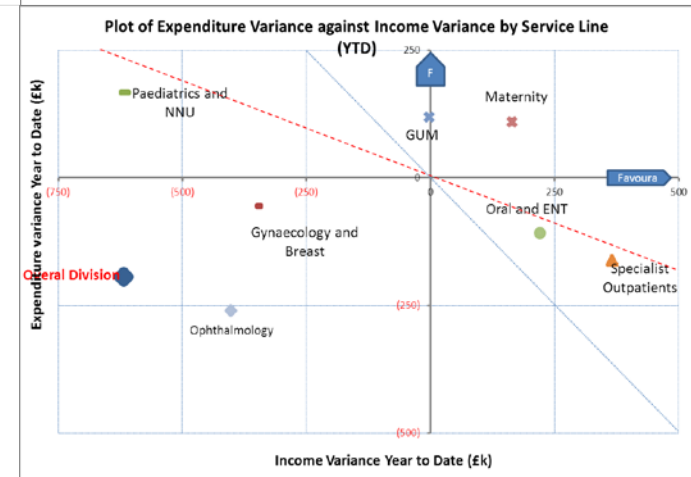
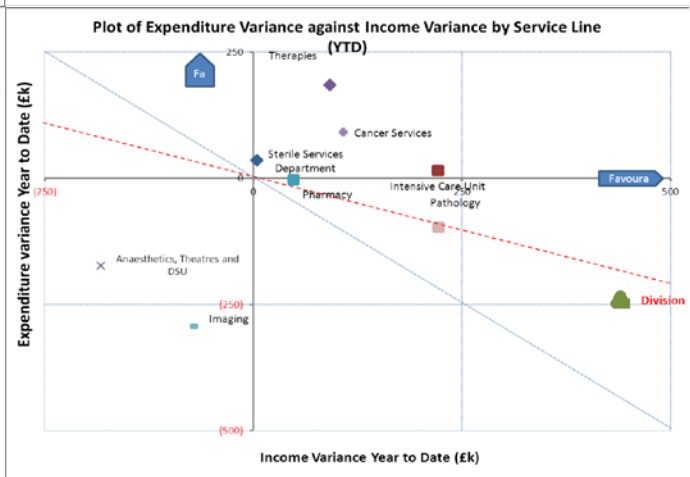
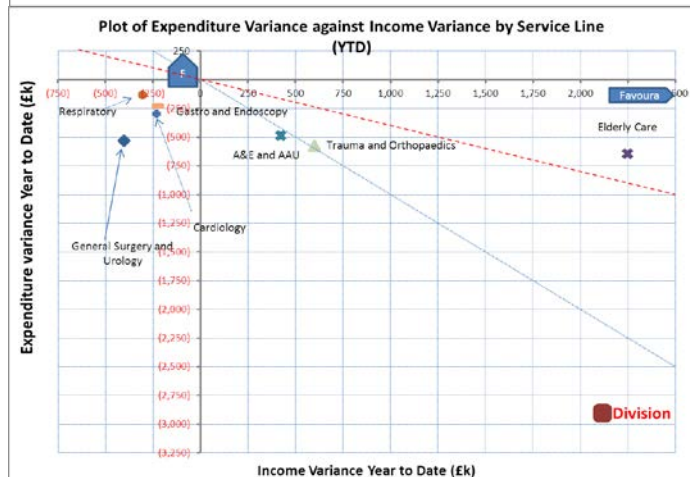
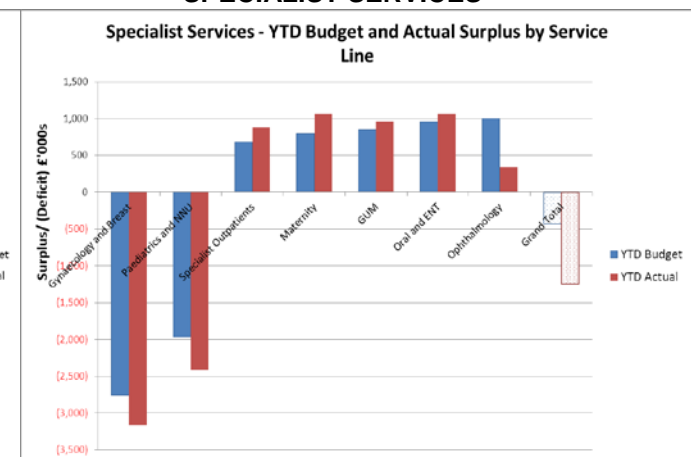
EMERGENCY SERVICES



CLINICAL SUPPORT SERVICE



SPECIALIST SERVICES



- Elderly has the most favourable variance of the service lines in Emergency Care. It is the only service line in the division above the marginal cost line and therefore is the only service line using less than 40% of the income overperformance on additional costs.
- Trauma and Orthopaedics and A&E and AAU are both at or near the 1:1 cost and income line, they are both over performing but using additional costs at the same rate meaning that they are both becoming less economic.
- General Surgery is the worst performing service line in the division as it has both a large overspend on costs and underperformance.

- Imaging has the largest overall adverse variance year to date in the division. This is driven by continuing pressures 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
- Anaesthetics, DSU and Theatres also has an overall negative variance caused by underperformance on BMI income generation, which is an underperforming CIP. There have also been overspends nursing and support staff due to vacancies.
- ICU has a positive variance due to an income over performance
- Therapies has an expenditure underspend as the service has reduced spend in the summer months

- The service in the division with the largest negative variance is Ophthalmology where the service has had consultant vacancies and sickness causing income underperformance and expenditure overspends. The service has a recovery plan and is showing an improved performance in months 8 & 9.
- Gynaecology and Breast has also had reduced income due to low activity in the Trust.
- Maternity has a positive variance overall as the service has over performed on deliveries. They also flex staff to reduce the numbers when deliveries are low.

SECTION 5: INCOME

Income Summary

Income	Annual Plan £000's	In Month			Year to Date			Month 6 Variance £000's	Month 7 Variance £000's	Month 8 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	182,356	14,896	15,081	186	135,184	137,127	1,943	-32	25	-90
RTA\OSV	569	47	-16	-63	427	261	-166	-40	-24	0
Private Patients	944	79	19	-59	708	557	-151	-11	-41	-13
Other Patient Care Income	1,081	90	159	69	811	838	27	-37	0	-31
Total Patient Care Income	184,950	15,112	15,244	132	137,130	138,784	1,653	-120	-39	-134
Education	7,696	642	713	70	5,789	6,098	309	26	78	118
BMI	2,056	172	125	-47	1,542	1,218	-323	32	-12	-50
Provider to Provider	4,876	414	584	170	3,660	4,256	597	99	96	16
Income Generation & Other	7,983	666	566	-100	5,993	5,869	-124	11	-13	24
Total Income	207,561	17,007	17,233	226	154,113	156,225	2,112	48	110	-26

SLA Income

Income	Annual Plan £000's	In Month			Year to Date			Month 6 Variance £000's	Month 7 Variance £000's	Month 8 Variance £000's
		Plan £000's	Actual £000's	Var £000's	Plan £000's	Actual £000's	Variance £000's			
Elective	11,249	834	938	104	8,313	6,983	-1,331	-361	-244	-250
Day Cases	18,701	1,343	1,272	-70	13,998	13,894	-104	-4	-159	8
Non Elective	57,517	5,066	5,416	351	42,436	45,652	3,216	608	464	26
Non Elective Threshold	0	0	0	0	0	0	0	33	0	0
Readmissions	-1,461	-129	-129	0	-1,074	-1,074	0	0	0	0
Out Patients	52,440	3,854	3,904	50	39,026	39,333	307	-426	-43	148
A&E	12,178	1,033	933	-100	9,181	9,018	-163	-39	-53	-42
Critical Care	8,799	766	746	-20	6,532	6,454	-78	-15	-55	-43
Direct Access	8,354	594	588	-6	6,265	6,359	94	-122	6	147
High Cost Drugs	7,180	567	567	0	5,502	5,502	0	-18	0	0
Other	4,056	724	601	-123	2,699	2,501	-198	112	109	-83
CQUIN	3,343	244	244	0	2,305	2,505	200	200	0	0
SLA Income	182,356	14,896	15,081	186	135,184	137,127	1,943	-32	25	-90

Reconciliation of commissioner contracts to SLA income per ledger

Income	Annual Plan £000's	In Month			Year to Date			Month 6 Variance £000's	Month 7 Variance £000's	Month 8 Variance £000's
		Plan £000's	Actual £000's	Var £000's	Plan £000's	Actual £000's	Variance £000's			
Commissioner Contracts	180,428	14,636	14,918	282	134,003	136,893	2,890	134	165	193
Surbiton	222	19	0	-19	93	0	-93	-19	-19	-19
Adjust High Cost Drugs	470	88	0	-88	470	0	-470	-59	-13	-131
Raynes Park	1,236	153	163	10	619	234	-385	-87	-108	-133
Winter Monies	1,111	336	336	0	336	336	0	0	0	0
SLA Income per ledger	182,356	14,896	15,081	186	135,184	137,127	1,943	-32	25	-90

SLA Activity

Activity	Annual Plan	In Month Spells / Attendances			Year to Date Spells / Attendances			Month 6 Variance	Month 7 Variance	Month 8 Variance
		Plan	Actual	Variance	Plan	Actual	Variance			
Elective	4,408	354	351	-3	3,420	2,994	-426	-28	-358	-423
Day Cases	21,167	1,558	1,733	175	16,211	18,067	1,856	475	1,499	1,681
Non Elective	28,025	2,481	2,684	203	20,650	23,864	3,214	461	2,844	3,011
Out Patients	307,419	23,317	22,866	-451	234,091	235,627	1,536	-1,149	1,108	1,987
A&E	110,674	9,371	8,868	-503	83,480	83,749	269	-8	776	773
Critical Care	9,217	785	733	-52	6,795	6,258	-537	-22	-308	-485
Direct Access	2,647,985	189,142	190,941	1,799	1,985,989	2,081,817	95,828	5,947	94,835	94,029

COMMENTARY

Income overall is £0.2m over plan in month and within this CCG patient care income is £0.2m under plan.

This month sees a return to overperformance driven by non electives. In month non elective overperformance was £0.4m, from a £26k overperformance in November. This was also a good month for day cases and electives which over performed by £33k compared to a £1.4m adverse variance year to date.

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

- Elective income and day cases showed an overperformance of £40k in month. This is an improved position from the underperformance results in months 6, 7 and 8 Year to date the Trust is still £1.4m underperforming on electives and day cases. A key area of overperformance is in Cardiology, this service line has been working on a recovery plan and this is now taking effect. Trauma and Orthopaedics underperformed due to additional consultant annual leave over the Christmas period; however the service remains over performing year to date.
- Non elective income showed a £0.4m overperformance in month. This was mainly driven by overperformance in general medicine within the Elderly Care service line. There was also £0.1m overperformance in A&E and AAU. General Surgery also showed a large overperformance in month, this was offset by an underperformance in Trauma and Orthopaedics.
- Outpatient income over performed by £0.1m in month. This month had a very low income plan due to the Christmas period. Paediatrics underperformed in month as the Paediatric rapid access clinic has not been put in place. Trauma and Orthopaedics over performed in month as locum consultants were used to fill additional sessions.
- Re-admissions reduction targets have been devolved to 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 90% for quarter 1 and 2 to reflect the Trust's estimation of achievement. For quarter 3 the amount has been held at 80% as the Trust expects lower achievement in this quarter. In quarter 3 CQUIN has been held centrally pending the agreement of a service line split.
- BMI income remained low. There was overperformance on the South West London Elective Orthopaedic centre which was somewhat offset by underperformance on the Royal Marsden partnership due to low expected activity in December.

SECTION 6: PAY COSTS

Costs	Annual Plan	In Month			Year to Date			Month 6	Month 7	Month 8
	Plan £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	-38,284	-3,200	-3,309	-108	-28,738	-29,027	-289	-54	-11	-124
Nursing & Midwifery	-47,346	-4,072	-4,109	-37	-35,148	-36,378	-1,230	-257	-257	24
AHP	-6,849	-575	-569	6	-5,100	-5,044	56	17	-1	-1
Scientific, Professional & Tech	-8,742	-745	-748	-2	-6,501	-6,347	155	6	-9	29
Directors & Managers	-7,988	-656	-651	5	-6,019	-5,771	248	55	43	10
Admin & Clerical	-16,102	-1,314	-1,314	1	-12,186	-12,212	-26	-16	-55	-28
Support Staff	-2,710	-231	-262	-31	-2,016	-2,068	-52	-18	-9	-10
Total Pay before Central Budgets	-128,020	-10,794	-10,961	-167	-95,709	-96,847	-1,137	-268	-299	-100
Central Budgets	57	-11	-65	-55	11	-132	-143	-32	-37	11
Total Pay	-127,963	-10,804	-11,027	-222	-95,699	-96,979	-1,280	-300	-336	-89

COMMENTARY

Pay costs were £0.2m over plan in month. This is an increase in costs but is not as high in seen at the start of the year. Nursing costs are being offset by funding for additional winter quality schemes and therefore the main area of overspend is on Medical and Dental staff.

The key points to note are:

- Medical staff costs were overspent in month. There was still overspending on consultant locum costs in General Surgery to sickness; however the use of agency to cover on call has been reduced as much as possible. There was also continued overspend in Ophthalmology to cover consultant sickness and an additional consultant put in place to increase income in the Ophthalmology service. Trauma and Orthopaedics had a large spend on Medical staff due to locum consultant costs and backdated band payments for junior doctors which were increased due to an appeal.
- Nursing pay costs are low in month. Stringent agency controls have been put in place. There has also been additional funding for quality programmes which have incurred additional nursing costs in month. Midwifery costs are also low in month as the services flexes staff to match demand.
- Support costs were overspent in month due to additional cardiology clinics being put in place requiring technician support.
- Overall 88% of posts were filled by permanent staff, 7% by agency and 5% by bank.

SECTION 7: NON PAY COSTS

Non Pay	Annual Plan	In Month			Year to Date			Month 6	Month 7	Month 8
	£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
Clinical Supplies & Services	-16,169	-1,333	-1,428	-95	-12,270	-12,867	-597	-118	-109	-40
Drugs	-6,131	-599	-648	-49	-4,760	-5,390	-630	-64	-133	-72
High Cost Drugs	-7,180	-567	-567	0	-5,502	-5,502	0	0	0	0
Transport	-1,048	-94	-106	-12	-772	-910	-139	2	-11	-16
Variable	-30,528	-2,593	-2,750	-157	-23,304	-24,670	-1,366	-181	-253	-128
Establishment	-1,711	-164	-249	-84	-1,313	-1,636	-323	-61	-60	-29
General Supplies	-1,784	-150	-163	-13	-1,345	-1,324	21	73	31	-18
Other	-2,513	-195	-176	19	-1,991	-2,260	-269	15	-61	-100
Premises	-5,322	-439	-534	-96	-4,006	-4,156	-150	27	6	-34
PFI	-11,445	-994	-987	8	-8,580	-8,719	-139	-28	-38	-98
CNST	-6,046	-412	-405	7	-4,611	-4,506	105	-1	0	0
Fixed	-28,820	-2,354	-2,513	-159	-21,846	-22,602	-755	25	-121	-280
Non Pay before Central Budgets	-59,348	-4,947	-5,263	-316	-45,150	-47,271	-2,121	-155	-374	-408
Central Budgets	-4,665	-601	-502	98	-2,527	-2,407	120	3	21	91
Total Non Pay	-64,013	-5,548	-5,766	-218	-47,677	-49,678	-2,001	-152	-353	-317

COMMENTARY

The in month non pay position for November is £0.3m adverse. This maintains the position for the quarter.

The main points to note are:

- Clinical Supplies and Services are overspent by £0.1m. This mainly relates to pathology spend, in month the Trust was notified that it would not receive a credit for blood products. This is a decision taken nationally as NHS Blood has had a reduced use of blood products by all Trusts and would be unable to meet its fixed costs should it give credits as in previous years.
- Drugs showed an overspend of £49k. The main overspending areas in month were General Surgery and Urology and A&E and AAU both service lines had increased activity in month.
- Establishment costs overspent in month by £84k. The main areas was in Operations due to increased postage costs, from increased use within the Trust, this has been an on-going issue as a large number of items are being sent by first class post. There were also costs for telecoms, the division is incurring increasing charges and these are being investigated. Legal fees on the SWL pathology project also caused an overspend, but these are offset with income
- Premises overspend was mainly in Operations on estates projects. The Trust had a number of repairs which needed to be undertaken due to the weather which cause a high overspend in month.

SECTION 8: STATEMENT OF FINANCIAL POSITION

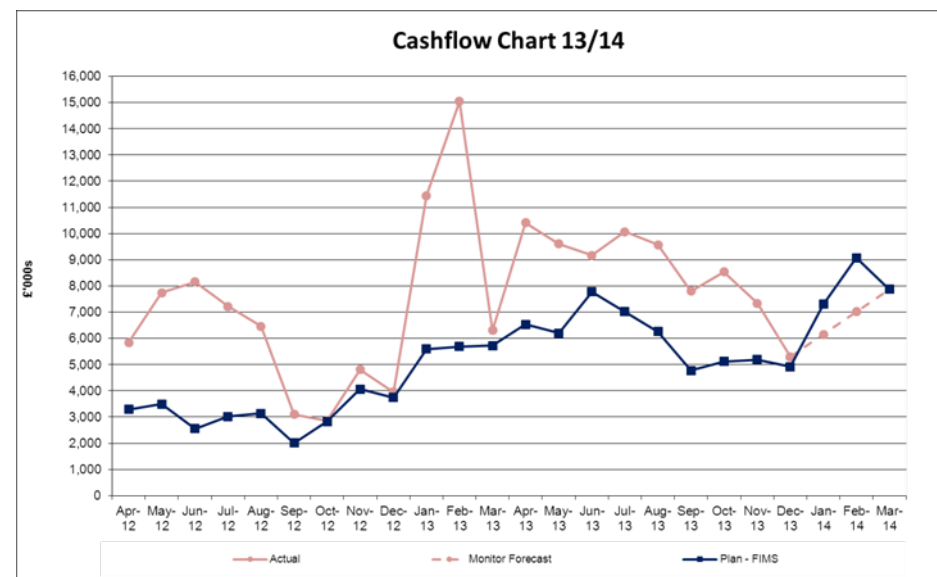
	2012/13 Year End £m	October £m	November £m	December £m	2013/14 Year end Forecast £m
NON CURRENT ASSETS:					
Property plant and equipment	117.5	116.3	116.6	116.6	118.3
Intangible assets	5.5	6.2	6.3	6.3	5.5
Other assets	0.5	0.7	0.7	0.7	0.5
TOTAL NON CURRENT ASSETS:	123.5	123.1	123.5	123.6	124.3
CURRENT ASSETS:					
Inventories	1.2	1.4	0.9	0.8	1.1
Trade and other receivables	11.2	17.5	19.0	19.3	10.0
Cash and cash equivalents	6.3	8.5	7.3	5.3	8.0
TOTAL CURRENT ASSETS	18.7	27.5	27.2	25.5	19.1
CURRENT LIABILITIES:					
Trade and other payables	(20.6)	(29.0)	(28.8)	(27.7)	(19.8)
Current Borrowings	(0.9)	(1.0)	(1.0)	(1.0)	(0.9)
Current Provisions	(0.6)	(0.5)	(0.5)	(0.5)	(0.6)
TOTAL CURRENT LIABILITIES	(22.1)	(30.5)	(30.3)	(29.2)	(21.3)
NET CURRENT ASSETS LESS CURRENT LIABILITIES	(3.4)	(3.0)	(3.1)	(3.7)	(2.1)
TOTAL ASSETS LESS CURRENT LIABILITIES	120.1	120.1	120.4	119.8	122.2
NON CURRENT LIABILITIES:					
Borrowings	(32.1)	(27.1)	(27.0)	(26.9)	(26.6)
Provisions	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)
Other liabilities					
TOTAL ASSETS EMPLOYED	86.5	91.5	91.9	91.4	94.0
FINANCED BY					
TAXPAYERS EQUITY:					
Public Dividend Capital	58.0	58.0	58.0	58.0	58.0
Revaluation reserve	15.8	15.8	15.8	15.8	16.6
Retained Earnings	12.7	17.7	18.1	17.6	19.3
TOTAL TAXPAYERS EQUITY	86.5	91.5	91.9	91.4	94.0

COMMENTARY

- Cash decreased by £2m in month which is mainly driven by a reduction in the level of payables.
- Trade and other receivables increased due to the quarter 1 overperformance invoicing being billed in month.
- In month trade and other payables decreased by £1.6m primarily due to clearing of backlog invoices.

SECTION 9: CASH FLOW STATEMENT

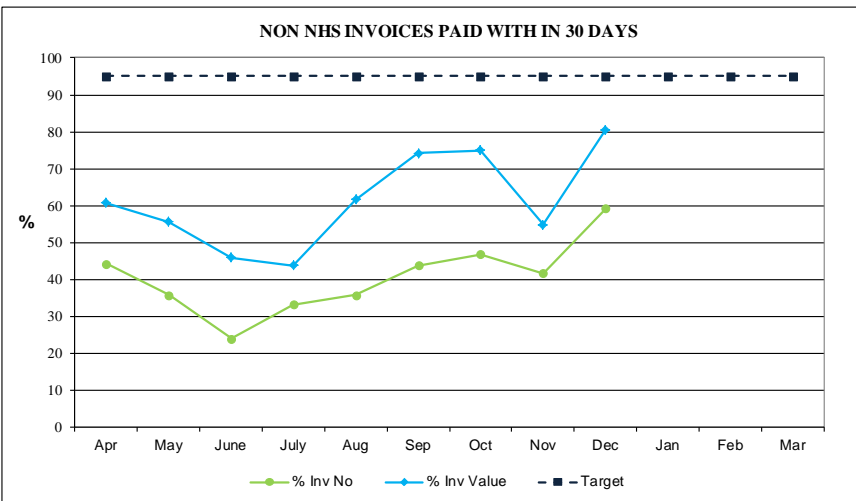
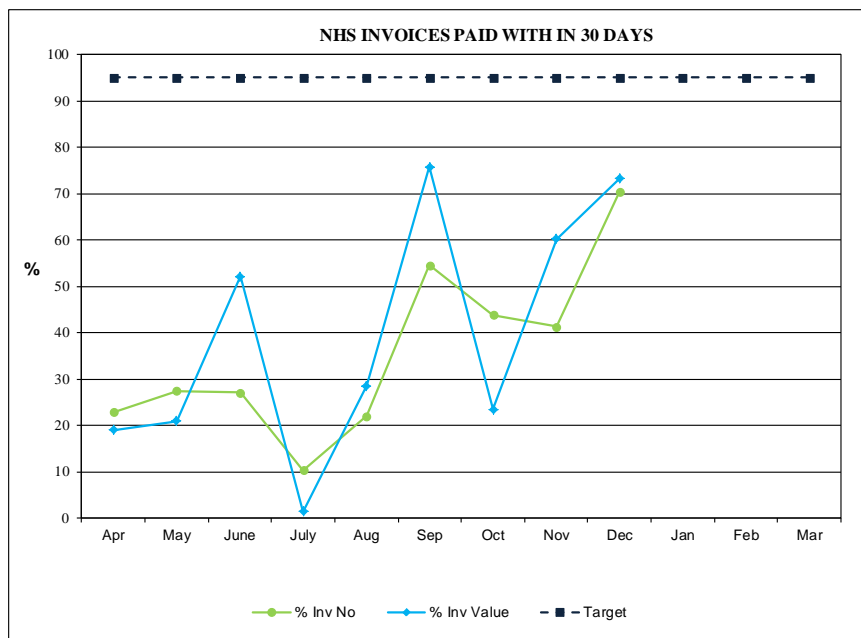
	December £m
Surplus/(deficit) after tax	(0.5)
Non-cash flows in operating surplus/(deficit)	
Depreciation and amortisation	0.5
PDC dividend expense	
Other non cash increases/(decreases) to reconcile to profit/(loss) from operations	
Non-cash flows in operating surplus/(deficit)	0.5
Operating Cash flows before movements in working capital	0.1
Increase/(Decrease) in working capital	
(Increase)/decrease in inventories	0.0
(Increase)/decrease in Trade and other receivables	(0.3)
Increase/(decrease) in Current provisions	0.0
Increase/(decrease) in Trade and other payables	(1.1)
Increase/(Decrease) in working capital	(1.4)
Net cash inflow/(outflow) from operating activities	(1.3)
Net cash inflow/(outflow) from investing activities	
Property Plant and Equipment	(0.5)
Intangible assets	(0.1)
Other assets	0.0
Net cash inflow/(outflow) from investing activities	(0.6)
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	(2.0)
Opening cash	7.3
Closing cash	5.3



COMMENTARY

- The cash position is in line with the Monitor plan. Although there has been an in month decrease in the cash balance due to the reduction in payables.
- The in-month decrease in cash is partially driven by higher trade receivables. These increased due to an increase in the number of invoices billed in month (mainly relating to Q2 overperformance invoices).

Better Payments Practice Code



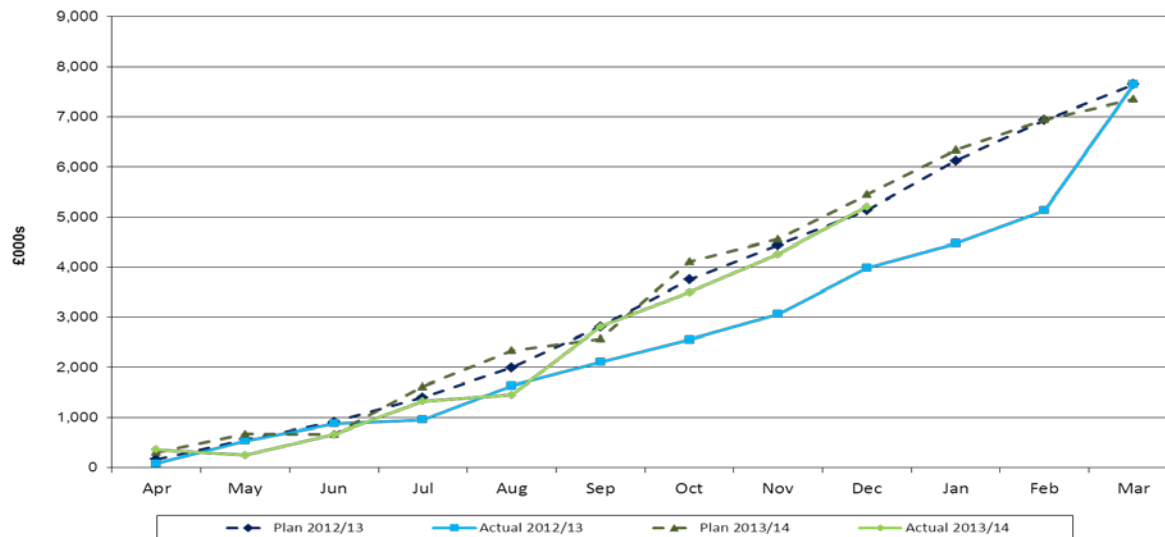
COMMENTARY

- In month the BPPC has improved for all four targets.
- However the month 9 position continues to be below the set target as result of the accounts payable department on-going familiarisation with the new finance system. However this has improved from the previous month.
- The finance department continues to work with all our suppliers by undertaking multiple payment runs per week to ensure timely payment of all the authorised invoices within 30days.

SECTION 10: CAPITAL

	2013/14 Capital Budget £000	YTD Plan £000	YTD Spend £000	YTD Variance £000	Annual Plan £000	Outturn £000	Variance to Plan £000
ESTATES TOTAL	3,011	2,259	2,003	256	3,011	3,276	(265)
EQUIPMENT TOTAL	991	861	310	551	991	1,001	(10)
IT TOTAL	3,285	2,192	1,733	459	3,285	3,218	67
ADJUSTMENTS							
2012/13 Schemes	133	133	1,160	(1,027)	133	133	-
Disposals	-	-	-	-	-	-	-
Net Scheme Slippage	(76)	-	-	-	(76)	(76)	-
ADJUSTMENTS TOTAL	57	133	1,160	(1,027)	57	57	-
TRUST CAPITAL PROGRAMME	7,344	5,445	5,205	240	7,344	7,495	(151)
Charitable Fund Donations	300						-
TOTAL CAPITAL PROGRAMME	7,644	5,445	5,205	240	7,344	7,495	(151)

Cumulative Capital Position Against Plan



COMMENTARY

- As at Month 9, the Trust spent £5.2m. This is overall £0.2m below the Trust's planned expenditure of £5.4m.
- The Estates and Equipment programmes are on track.
- The IT plan is currently underspent due to the delay in the CRS project. The forecast outturn assumes that the CRS project will be completed this financial year as per the original plan.
- The Trust is forecasting to overspend by £0.2m over the £7.3m target for the year. This is within the 15% Monitor tolerance.
- The Finance team are meeting with the Estates, IT and Equipment teams on a regular basis to review and plan capital spend.

SECTION 11: FINANCIAL RISK RATING (FRR)



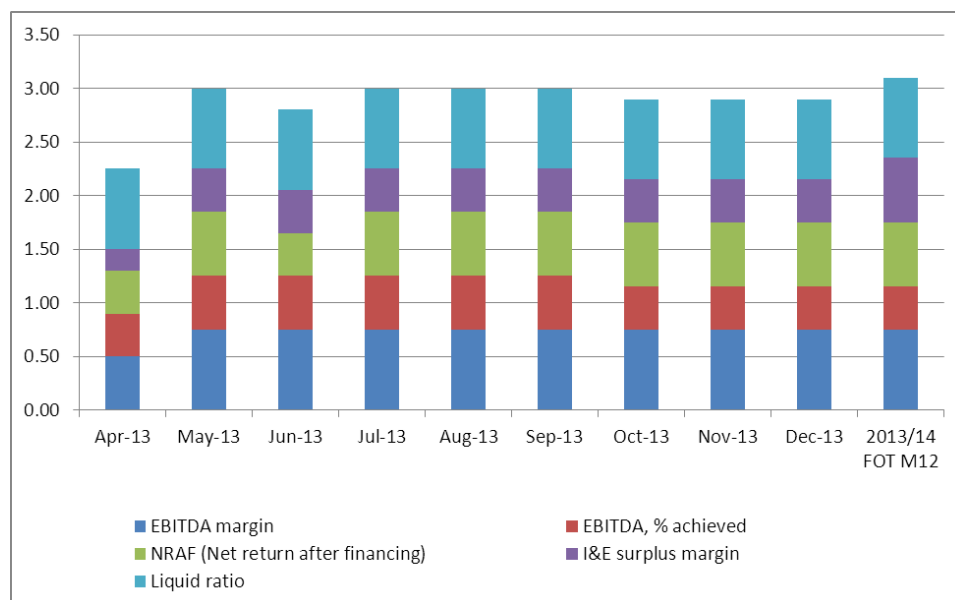
EBITDA margin
 EBITDA, % achieved
 NRAF (Net return after financing)
 I&E surplus margin
 Liquid ratio

Weight	5	4	3	2	1
25%	11%	9%	5%	1%	<1%
10%	100%	85%	70%	50%	<50%
20%	3%	2%	-0.5%	-5%	< -5%
20%	3%	2%	1%	-2%	< -2%
25%	60	25	15	10	<10
100%					

	13/14	13/14	13/14	13/14	13/14	13/14	13/14	13/14	13/14	13/14
Heading	M1	M2	M3	M4	M5	M6	M7	M8	M9	M12 FOT
EBITDA margin	4.0%	6.0%	5.7%	7.2%	7.0%	6.5%	6.8%	7.0%	6.6%	7.1%
EBITDA, % achieved	96%	109%	112%	113%	110%	102%	95%	95%	95%	98%
NRAF (Net return after financing)	-3.7%	-0.4%	-1.0%	1.6%	1.3%	0.2%	1.3%	1.6%	0.9%	1.6%
I&E surplus margin	-2.2%	-0.2%	-0.6%	0.9%	0.7%	0.1%	0.5%	0.7%	0.3%	1.1%
Liquid ratio (days)	17.3	17.9	19.6	21.5	21.8	19.9	20.0	20.8	19.7	22.0

	13/14	13/14	13/14	13/14	13/14	13/14	13/14	13/14	13/14	13/14
Heading	M1	M2	M3	M4	M5	M6	M7	M8	M9	M12 FOT
EBITDA margin	2	3	3	3	3	3	3	3	3	3
EBITDA, % achieved	4	5	5	5	5	5	4	4	4	4
NRAF (Net return after financing)	2	3	2	3	3	3	3	3	3	3
I&E surplus margin	1	2	2	2	2	2	2	2	2	3
Liquid ratio (days)	3	3	3	3	3	3	3	3	3	3

Weighted average FRR	2.25	3.00	2.80	3.00	3.00	3.00	2.90	2.90	2.90	3.10
Rounded Weighted average FRR	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00



COMMENTARY

At month 9 the Trust has an FRR of '2.9' (that rounds to a '3').

These risk ratings are no longer used by monitor but have been provided for the quarter for reference.

SECTION 12: CONTINUITY OF SERVICE RATING (COSR)

Metrics

Debt Service Cover
Liquidity

Enclosure F1

Weight	4	3	2	1
50%	2.50	1.75	1.25	<1.25
50%	- 2.00	- 7.00	- 12.00	<-12
100%				

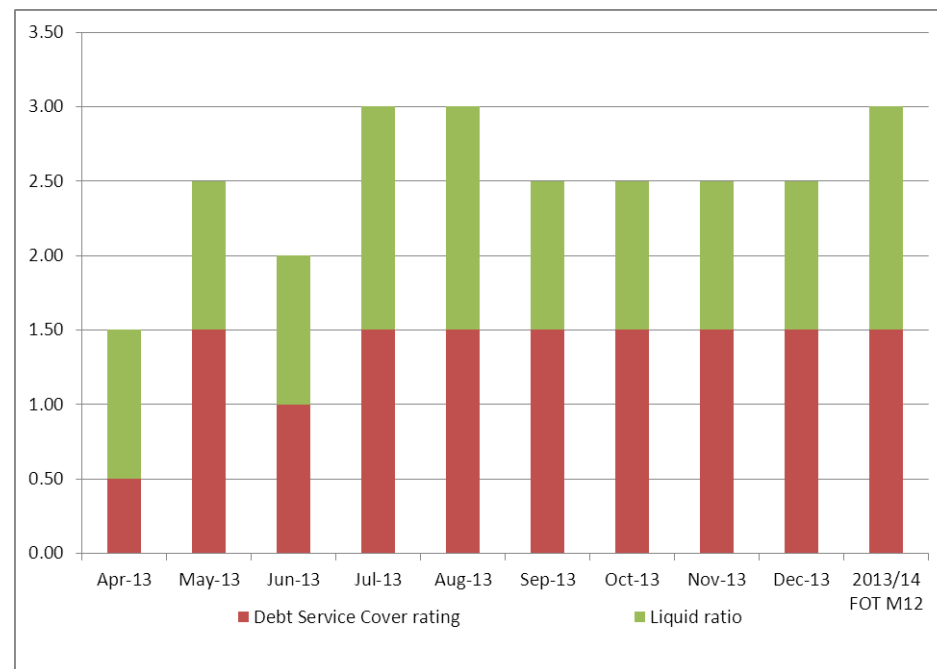
	13/14	13/14	13/14	13/14	13/14	13/14	13/14	13/14	13/14	13/14	13/14
Heading	M1	M2	M3	M4	M5	M6	M7	M8	M9	M12	
Debt Service Cover	1.2	1.8	1.7	2.1	2.1	1.9	2.0	2.1	2.0	2.2	
Liquidity	- 10.7	- 10.2	- 8.4	- 6.4	- 6.1	- 8.0	- 8.2	- 7.4	- 8.5	- 6.0	

	13/14	13/14	13/14	13/14	13/14	13/14	13/14	13/14	13/14	13/14
Heading	M1	M2	M3	M4	M5	M6	M7	M8	M9	M12
Debt Service Cover	1	3	2	3	3	3	3	3	3	3
Liquidity	2	2	2	3	3	2	2	2	2	3

Weighted average COSR	1.50	2.50	2.00	3.00	3.00	2.50	2.50	2.50	2.50	3.00
Rounded Weighted average	2.00	3.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00

Overriding rules rating	2.00	3.00	2.00	4.00	4.00	3.00	3.00	3.00	3.00	4.00
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Overall Rating	2.00	3.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
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COMMENTARY

COSR rating is the new risk rating used by Monitor, it is in place from quarter 3 this year.

It consists of two metrics, debt service cover and liquidity.

Debt service demonstrates that a Trust is able to meet all debt obligations from the surplus produced in year.

The liquidity metric aims to ensure that the Trust can meet all of its cash obligations. Unlike the FRR this does not take into account the working capital facility as it was felt that Trusts in difficulties were often denied access to their facility.

The move to these two metrics is to give Monitor assurance that Trusts will be able to continue to provide services and remain a 'going concern'.

At month 9 the Trust has a COSR of '2.5' (that rounds to a '3').

The Trust is planning for a COSR of '3' at the end of quarter 3 and 4 as required by Monitor.

APPENDIX 1: QUADRANT GRAPH ANALYSIS

