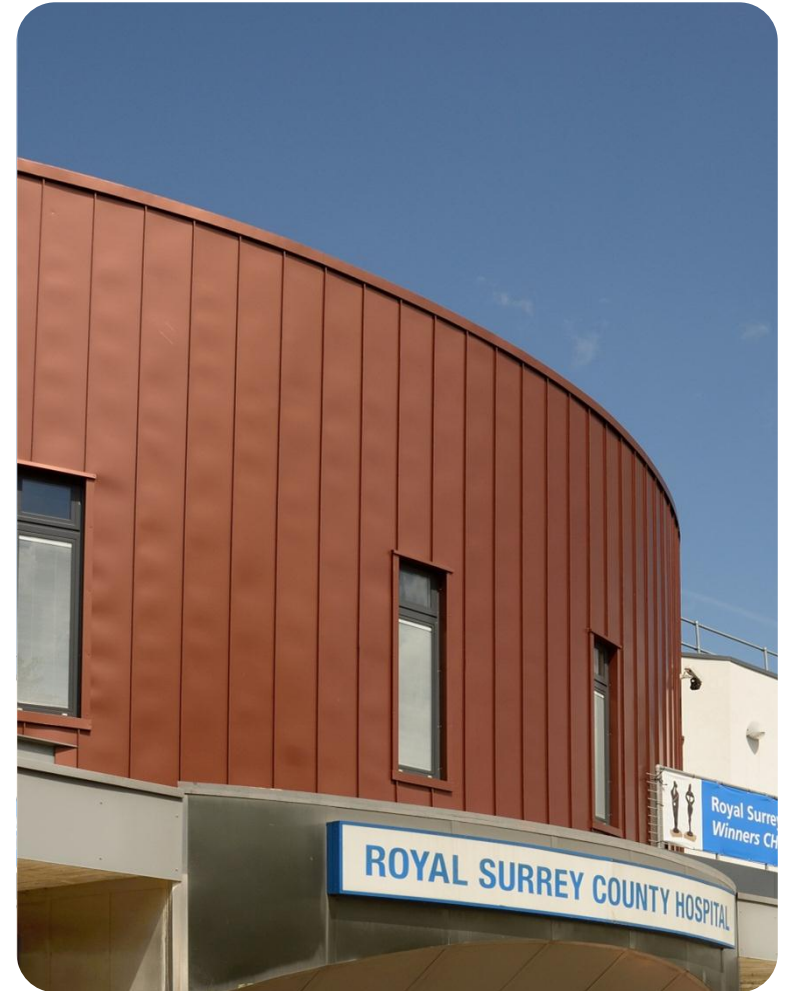


Board update

M4 2017/18



M4 was a £0.09m surplus which is £0.14m (F). YTD £1.64m surplus, £4.04m (F)

At month 4 the trust has a reported a **surplus** of £1.64 m

This is better than plan by **£4.04m**

Excluding non-recurrent items we would have reported a YTD **surplus** of £0.12m

On an NHSI control total basis the **surplus** is £1.76m.

This is better than our M4 YTD Control Total plan which was to be in **deficit** by £3.20m

So we are doing better than our Control Total plan by **£4.97m**

Excluding the STF Funding the Trust would have a YTD M4 **deficit** of £0.11m on a Control Total basis

	Annual Plan	YTD Plan £m	YTD Actual	Change to Plan
Surplus/Deficit inc STF	(2.93)	(2.40)	1.64	4.04
Control Total				
Basis incl STF	(5.33)	(3.20)	1.76	4.97
Control Total				
Basis excl STF	(12.05)	(4.66)	(0.11)	4.55

Metric	M4 YTD	UoR score
<i>NHSI Metrics</i>		
Capital Service Cover	3.08	1
Liquidity	26.40	1
I&E Margin	1.2%	1
Perf vs control total (excl STF)	3.6%	1
Agency exp vs cap	35.1%	1
Overall UoR		1
<i>Internal Metrics (Actual values, colour denotes perf vs plan)</i>		
Income (£000s exc STF)	109,930	
Pay (£000s)	-61,616	
Non-Pay (£000s)	-44,284	
Cash (£000s)	30,597	
CIPs (£000s)	4,297	

UoR = Use of resource rating.

Capital service cover is a "measure of the degree to which income covers financial obligations"

Liquidity is "days of operating costs held in cash or cash equivalent forms"

I&E margin is "surplus/deficit divided by revenue"

£0.09m surplus in month, £0.14m better than plan
 £1.64m surplus YTD, £4.04m better than plan

	In Annual Plan (£m)	In Month Plan (£m)	In Month Actual (£m)	In Month change from Plan (£m)	YTD Plan (£m)	YTD Actual (£m)	YTD change from Plan (£m)	F'cast (£m)
Income								
Commissioned Income	247.08	20.75	20.23	(0.52)	81.33	83.00	1.67	
Commissioned Income (PbRx Drugs)	30.61	2.55	2.70	0.15	10.20	10.62	0.41	
Other Income	63.49	5.17	3.98	(1.19)	21.03	18.19	(2.84)	
Income Total	341.19	28.47	26.91	(1.56)	112.56	111.80	(0.76)	333.33
Pay								
Agency	(0.68)	(0.08)	(0.87)	(0.79)	(0.27)	(2.97)	(2.70)	
Bank	(4.03)	(0.25)	(0.81)	(0.56)	(1.27)	(3.40)	(2.13)	
Locum	(1.86)	(0.15)	(0.35)	(0.19)	(0.62)	(1.23)	(0.61)	
Substantive	(187.58)	(15.47)	(13.45)	2.02	(62.61)	(54.02)	8.58	
Pay Total	(194.15)	(15.95)	(15.47)	0.48	(64.77)	(61.62)	3.15	(188.98)
Non-Pay								
Clinical supplies	(32.87)	(2.67)	(2.97)	(0.29)	(11.12)	(11.16)	(0.04)	
Consultancy expense	(0.75)	(0.07)	(0.20)	(0.13)	(0.28)	(0.68)	(0.39)	
Drugs	(11.07)	(0.91)	(0.22)	0.70	(3.75)	(2.68)	1.08	
Drugs PbRx	(30.61)	(2.55)	(2.53)	0.02	(10.20)	(10.43)	(0.23)	
Misc. other Operating expenses	(50.13)	(4.25)	(3.76)	0.49	(16.68)	(15.41)	1.27	
Non-clinical supplies	(11.86)	(0.99)	(0.62)	0.37	(3.98)	(3.93)	0.05	
Non-Pay Total	(137.30)	(11.45)	(10.29)	1.16	(46.02)	(44.28)	1.73	(134.12)
Depreciation	(7.65)	(0.70)	(0.62)	0.08	(2.51)	(2.50)	0.01	(7.51)
Financing	(5.02)	(0.42)	(0.44)	(0.02)	(1.67)	(1.76)	(0.09)	(5.29)
Surplus/(Deficit)	(2.93)	(0.05)	0.09	0.14	(2.40)	1.64	4.04	(2.57)
NHSI Adjusting items	(2.40)	(0.20)	0.03	0.23	(0.80)	0.13	0.93	(2.76)
Perf vs Control Total	(5.33)	(0.25)	0.12	0.37	(3.20)	1.76	4.97	(5.33)
Perf vs Control Total (Excl. STF)	(12.05)	(0.69)	(0.32)	0.37	(4.66)	(0.11)	4.55	(12.05)

Headlines

- In-month we have a surplus of £0.09m which is £0.14m better than plan.
- Of this, Commissioned Income is £0.37m worse than plan and unfilled vacancies result in Pay being £0.48m better than Plan. Non-Pay is £1.16m better than Plan due to Drugs spend within PharmCo, favourable levels of spend within R&D and VAT rebates relating to 2016/17.
- We have reported an on plan forecast to NHSI at M4. This represents our “Best Case” forecast with current “Likely” forecast a £6.1m deficit and “Worst Case” a £8.1m deficit.
- We are reporting a Use of Resources Metric of 1, which is better than our plan.

NB. (Red) denotes either a cost or adverse variance to plan. Black denotes income or favourable variances to plan

Commissioned Income and Pay favourable variances offset by Donated income and Consultancy

In-month position

	£m
Income is £1.56m worse than plan. This is due to:	
Commissioned Income (PbRx Drugs)	0.15
Commissioned Income	(0.52)
R&D Income	(0.23)
Charitable Income	(0.23)
Private Patients Income	(0.14)
RTA Income (in-month correction of YTD)	(0.11)
Other (Mainly PharmCo consolidation)	(0.48)
	<hr/>
	(1.56)
Pay is £0.48m better than Plan. This is due to:	
R&D (Offset in Non-Pay)	0.05
Unfilled Vacancies	0.43
	<hr/>
	0.48
Non-Pay is £1.16m better than Plan. This is due to:	
R&D (Offset in Income)	0.16
PbRx Drugs	0.02
Other Drugs (Mainly PharmCo consolidation)	0.70
Consultancy	(0.12)
VAT Rebates relating to 16/17	0.18
Other	0.23
	<hr/>
	1.16
Depn/Financing	0.06
	<hr/>
	0.14

YTD position

	£m
Income is £0.76m worse than plan. This is due to:	
Commissioned Income Non-PbRx	1.67
Commissioned Income PbRx	0.41
Research & Development income	(1.02)
Charitable funding (Phasing)	(0.93)
Private Patients Income	(0.19)
Sales to Other Organisations	0.20
Other (Mainly PharmCo Consolidation)	(0.91)
	<hr/>
	(0.76)
Pay is £3.15m better than plan. This is due to:	
Underspends on R&D (Non-Pay offset)	0.15
Unallocated CIP schemes	(0.17)
Vacancies not backfilled	3.17
	<hr/>
	3.15
Non-Pay is £1.73m better than plan. This is due to:	
Underspends/(Overspends) on R&D (Income offset)	0.86
Drugs - PbRx	(0.23)
Other Drugs under/Overspends (Mainly PharmCo Consolidation)	1.09
VAT Rebates relating to 16/17	0.18
Consultancy	(0.39)
Other	0.22
	<hr/>
	1.73
Dep'n/Financing	(0.08)
	<hr/>
	4.04

Likely forecast £6.09m deficit (£0.76m adverse to control total)

RSCH M4 forecast							
	M1-4	Non recurrents	M1-4 recurrent	M5-12 pro rate	Full year	Plan	Variance
Income (excl risk share)	112,714	2,216	110,498	220,996	333,710		
Pay	(61,616)	144	(61,760)	(123,520)	(185,136)		
Non-pay	(44,284)		(44,284)	(88,568)	(132,852)		
Deprn	(2,367)		(2,367)	(4,734)	(7,101)		
Financing	(1,762)		(1,762)	(3,524)	(5,286)		
	2,685	2,360	325	650	3,335		
Other items not in the M1-4 run rate							
Budgeted	Divisional initiative investments				(2,200)		
Budgeted	Transformation Programme Support				(267)		
Budgeted	Governance Review response				(400)		
Budgeted	Lease/Depreciation & maintenance costs				(400)		
Budgeted	STP costs				0		
Unbudgeted	Winter – Assume same as last year cost				(400)		
Unbudgeted	Medical Agency cost increase				(500)		
Unbudgeted	Compton Ward Nursing				(71)		
Unbudgeted	Premium temp staff cost increases (nursing, cardo techs etc)				(300)		
Unbudgeted	Primary Care support (RSS , Frailty)				(500)		
Unbudgeted	Loss of Orthogeriatric and Interface Geriatrician income from Virgin :				(400)		
Unbudgeted	G&W Ambulatory care local tariff (now in run rate)				0		
Unbudgeted	CQC readiness				(300)		
Unbudgeted	Medical Staffing problems in M&A				(200)		
Unbudgeted	Rota gaps in respiratory and surgery				(250)		
Unbudgeted	Community bid & strategy work				(200)		
Unbudgeted	GP in A&E funding				(85)		
Unbudgeted	Managed service implementation				(200)		
					(6,673)		
	Current Likely				(3,338)	(5,331)	1,993
	G&W risk share				(2,750)		
					(6,088)	(5,331)	(757)
	Risks						
Budgeted	QIPP				(2,000)		
					(2,000)		
	Worst case				(8,088)	(5,331)	(2,757)
	Opportunities						
Budgeted	CIPs over the £13m run rate				757		
					757		
	Best case				(5,331)	(5,331)	0

Taking the M4 YTD position and adjusting for non-recurrent items, we have pro-rated this to the end of the year giving a “run-rate” forecast of £3.34m surplus. Adding in items not included in the run-rate forecast, worsens this forecast by £6.67m, giving a “Likely” forecast of £3.34m deficit excluding G&W risk-share arrangement (£1.99m better than Plan) or £6.09m deficit including the G&W risk-share (£0.76m worse than Plan).

Additional QUIPP gives a “worst case” forecast of £8.09m deficit (£2.77m worse than plan) whereas achieving higher CIPs than assumed in the run-rate would reduce the deficit to a “best case” (assuming risk-share) of £5.33m (on Plan). The bottom-up forecast, by division, is at Appendix iii.

Healthy Cash position but below plan Capital spend

Statement of Financial Position	B/F Bal's		
	31-Jul-17	30-Jun-17	01-Apr-17
	£M	£M	£M
Non-Current Assets	156.18	156.46	157.23
Current Assets			
Inventories	6.82	6.86	6.88
Invoiced Receivables < 1 Year	14.37	15.41	21.43
Accrued Income	8.82	26.50	21.79
Prepayments & Other Receivables	5.46	5.16	3.95
Cash & Short Term Investments	30.60	14.69	8.77
Current Liabilities			
Trade Payables < 1 Year	(8.02)	(8.42)	(10.13)
Payable Accruals	(10.88)	(12.85)	(9.36)
Capital Payables & Accruals < 1 Year	(1.05)	(1.16)	(3.68)
Deferred Income < 1 Year	(3.71)	(4.17)	(1.78)
Financing < 1 Year	(1.25)	(1.25)	(1.25)
Provisions < 1 Year	(1.49)	(1.48)	(1.46)
Other Current Liabilities	(9.88)	(9.87)	(7.92)
Net Current Assets	29.79	29.42	27.24
Deferred Income > 1 Year	(0.90)	(0.90)	(0.90)
Financing > 1 Year	(17.62)	(17.62)	(17.76)
Other Liabilities > 1 Year	(0.09)	(0.09)	(0.09)
Provisions > 1 Year	(0.18)	(0.18)	(0.18)
Total Assets Employed	167.18	167.09	165.54
Public Dividend Capital	64.06	64.06	64.06
Revaluation Reserve	53.22	53.22	53.22
Income & Expenditure Reserve	49.90	49.81	48.26
Total Taxpayers Equity	167.18	167.09	165.54

2017/18 Capital Expenditure	YTD	YTD	YTD	Y/E
	Plan	Actual	Committed	Forecast
	£M	£M	£M	£M
Infrastructure - Backlog Maintenance	0.45	0.10	0.24	1.33
Infrastructure - New Build	1.00	0.83	3.39	11.10
IT	0.80	0.25	0.38	2.10
Clinical Equipment	0.15	0.28	0.36	3.08
Infrastructure Other Projects	0.40	0.00	0.22	2.18
Total Capital Expenditure	2.80	1.46	4.59	19.79

SoFP

Overall the SoFP is little changed, in total, although there has been a significant shift in the Trust's liquidity position. Invoiced receivables have continued the downward trend, with a further £1.0m reduction. This is all attributed to NHS debt which is now at £10.8m. The non-NHS debt value is now £3.5m after bad debt provisions of £0.4m. Accrued income value has fallen significantly to £8.8m following receipt of the 2016/17 STF payments. This is considered to be a normal level with £6.8m of the total relating to NHS accruals. A reduction in payable accruals of £2.0m and £0.5m release of deferred income has helped to reduce current liabilities by £2.9m.

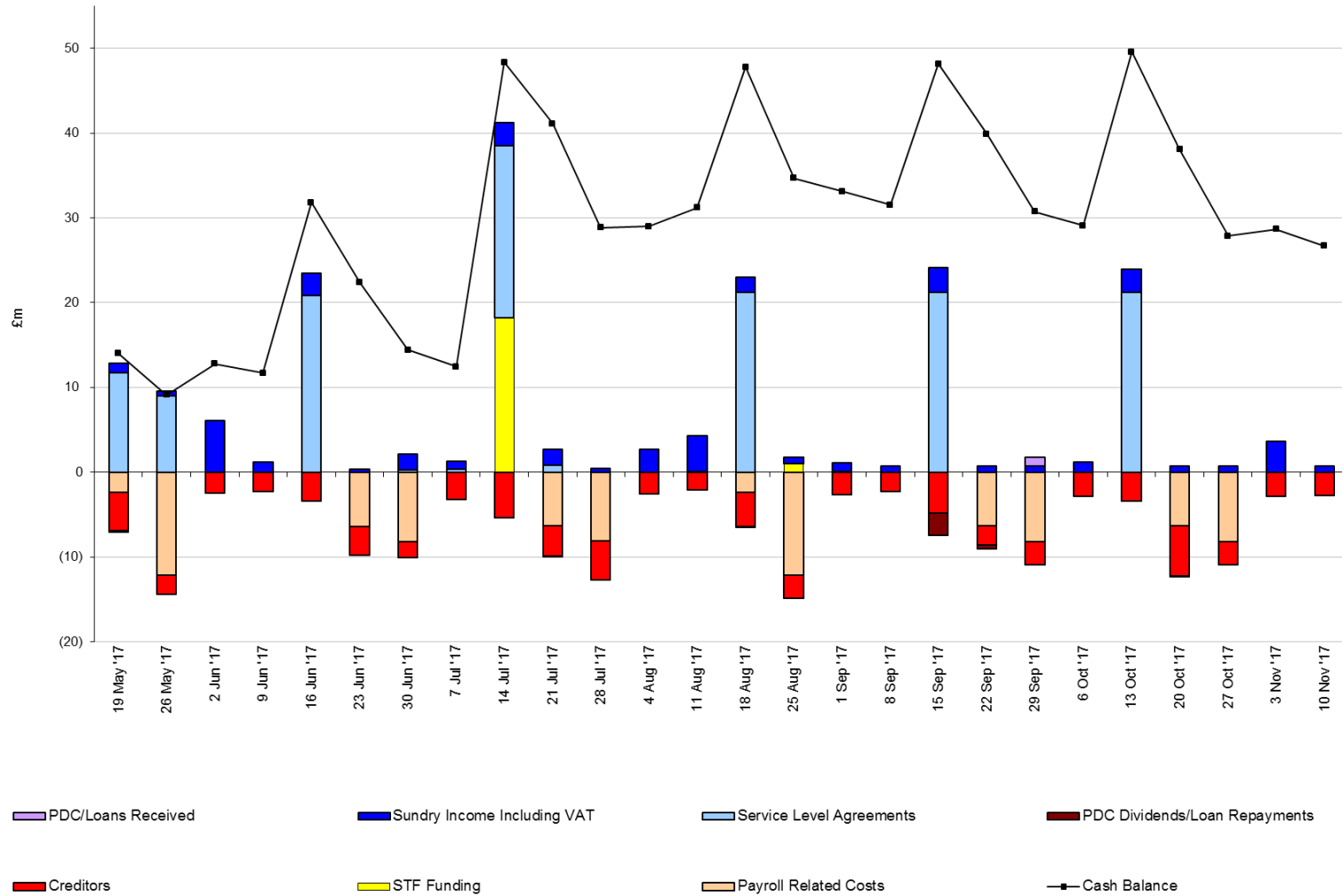
Cash

As reported last month receipt of 16/17 STF payments during July has increased cash to a month end value of £30.6m, which includes £1.5m of RSCH Pharmacy cash. After the subsidiary's cash is factored out of the total, cash is down on last month's forecast by £1.7m. This can be attributed to a payment of £1.9m made to the subsidiary on 24 July that had not been included in the forecast. Investment of surplus cash with the National Loans Fund to be explored in September.

Capital Expenditure

Expenditure in July of £0.36m, taking year to date spend up to £1.46m against an NHSI plan target of £2.8m. Although spend is behind plan the Urology and A&E projects are underway so spend will start to gather momentum. The CSG is reviewing each month the year to date spend against each capital project, irrespective of size, to ensure that project managers have plans in place to ensure the overall capital plan is delivered.

Cash Trend Analysis - 13 Weeks Actual/13 Weeks Forecast



At M4, 100% of the CIP target and 73% of the Transformation target has been identified, overall 85% of the efficiency programme has been identified. It should be noted, however, that £5.88m of the programme relates to Budget reductions rather than genuine cost reductions.

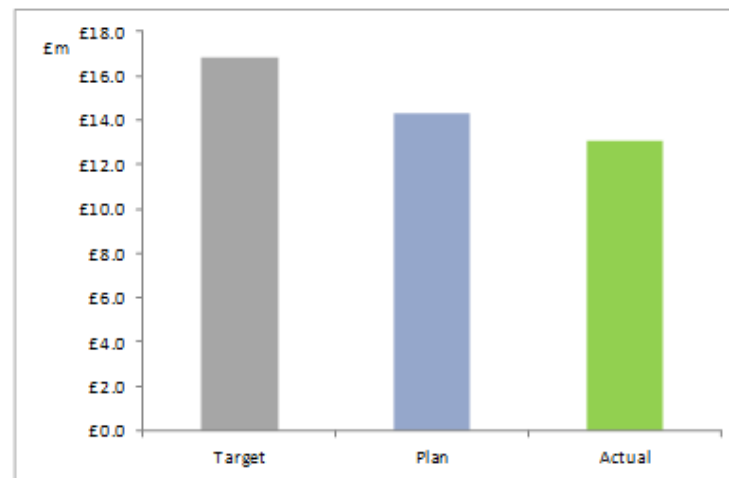
Surgery, Oncology and Diagnostics have given up their planned investments (£0.38m FY value) and this has contributed to the increase in overall plan shown in M4 totals.

The identified plan also includes the pay underspends removed at the end of Q1 (£1.19m FY value) and which are now being reviewed on a recurrent basis.

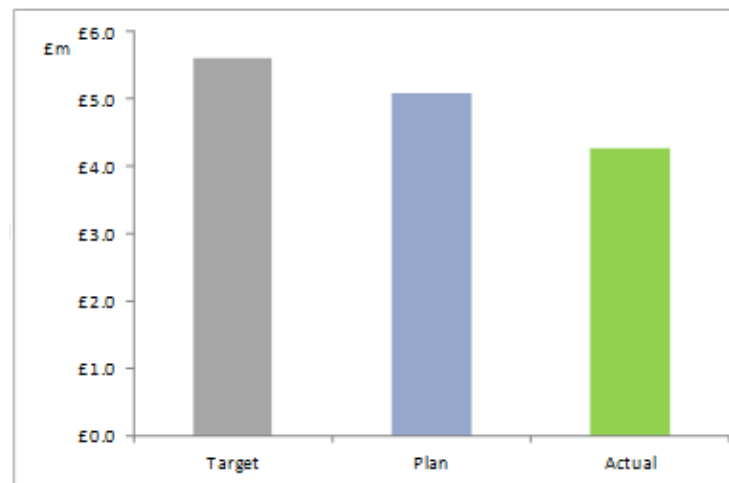
In addition, there has been delivery slippage against the plan which leaves a variance to target for the year of £2.53m to be found.

Year to date, against a target of £5.6m, plans of £5.1m have been identified and £4.3m delivered.

FY18 efficiency programme full year position



M4 year to date delivery



FY18 efficiency programme cumulative forecast delivery risked against plan and target

RSCH savings summary

FY18 M4 £000

