



**Trust Board meeting
12 February 2015**

Title of the paper:	Finance report - month 9		
Agenda item:	18/24		
Lead Executive:	Don Richards, Chief Financial Officer		
Author:	Senior Finance Team		
Trust objective:	Tick as appropriate: <input checked="" type="checkbox"/> Achieving continuous improvement in the quality of patient care that we provide and the delivery of service performance across all areas; <input type="checkbox"/> Setting out our future clinical strategy through clinical leadership in partnership and with whole system working; <input checked="" type="checkbox"/> Creating a clear and credible long term financial strategy.		
Purpose:	The aim of this paper is to summarise the Trust's financial position at the end of Month 9 FY15 (December 2014) and improvements needed to deliver the FY15 plan.		
Previously discussed and date for further review:			
Committee		Date	
TLEC		29 January 2015	
Finance Committee		3 February 2015	
Benefits to patients and patient safety implications			
The Trust's business aim is to deliver sufficient surpluses to develop quality patient care and build a financially strong organisation.			
Risk implications for the Trust		Mitigating actions (controls)	
Failing to deliver the FY15 plan and targeted savings will jeopardise both the Trust's financial reputation and sustainability.			
Links to Board Assurance Framework, CQC outcomes, statutory requirements			
A statutory duty to deliver financial breakeven taking one year with the next.			
Legal implications (if applicable)			
The deficit plan means the Trust will breach its breakeven duty. Dialogue with the Trust Development Authority on a resolution is in progress.			
Financial implications (if applicable)			
This paper provides an overview of the Trust's financial position at Month 9 (December) and improvements needed to deliver the plan.			
Recommendations (delete as appropriate)			
1. To note the current performance 2. To note actions required to improve the position.			





Finance Report – Month 9

Presented by: Don Richards, Chief Financial Officer

Chief Financial Officer's Message

**In month deficit¹
of £1.0m
compared to
budget**

In December, the Trust delivered an actual deficit of £2.2m, £0.9m worse than planned. Slippage against planned savings of £0.8m was the key factor contributing to the adverse financial position in December (Appendix 10A). The other themes that continue to drive the adverse financial position are: an under recovery on SLA income of £0.7m (excluding MRET adjustment) and overspends on pay costs offset by Provider Deficit Funding (Appendix 12).

Income was £3.2m below plan in December. The in-month income underperformance includes a £3.4m adjustment relating to MRET. In previous months, the Trust had assumed payment at 100% for its emergency activity. However, following discussions with the CCG, it is likely that there will be a £4.5m reduction against planned expectations. Part of this reduction was reflected in the Month 9 position. This underperformance relating to MRET was offset by a revised estimate of contract penalties and contingent costs. Non-delivery of the 18 weeks Referral to Treatment (RTT) plan and a change in patient case mix (Appendix 3B) also contributed to the underperformance on income. Included in December position was £1m of non-recurrent provider deficit funding.

Pay was overspent by £0.3m, after adjusting for the impact of staffing community beds (£0.1m) and non-delivery of CIPs. This was due to the cost of delivering the Transformation Programme (£0.3m) and other pay overspends relating to the premium rates for agency staff and the use temporary staff in excess of the budgeted WTE (Appendix 9).

Non-Pay under spend of £3m relates to the release of accruals relating to penalties and contingencies to offset the impact of the year to date MRET assumptions.

The **Savings** programme for December reported a slippage of £0.8m against a target of £1.6m.

**Year to date²
deficit of £15.2m,
£4.1m worse
than planned**

Under performance on the RTT plan (£5.8m), non-delivery of savings (£4.1m), use of bank and agency above vacancies and the premium on agency staff costs are the key drivers for the year to date adverse performance against plan (Appendix 13). The year to date position includes a benefit of £9m relating to non-recurrent Provider Deficit Funding.

**Cash position –³
balance of £1.5m**

The Trust cash balance at 31 December was £1.5m, 2 days of operating expenditure. The cash balance was low as forecasted and is likely to remain low until 31 March 2015. The Trust has £28m of temporary borrowing to support the YTD deficit. The Trust has received provisional information regarding its application for cash support. The information states that the applications for £22.7m revenue cash and £11.1m capital cash (spread over two years) have been approved, but deliberations continue as to whether the support will be in the form of Public Dividend Capital or Loans.



**Support from
TDA to deliver
FY15 plan**

Non-delivery of savings, pay over spend, the cost of the Transformation Programme and improved elective patient treatment are some of the key risks that will affect delivery of FY15 plan.

The Trust has updated its forecast in light of a firmer agreement regarding the effect of MRET and other contract penalties. This is shown in Appendix 11A. However the forecast is particularly sensitive to:

- The 2% Transformation fund support from HVCCG (£7m) as this presents an affordability challenge to the CCG.
- Achieving £10m savings through the efficiency programme.
- Managing Transformation Programme costs within level of support received.

Financial Overview as at 31 December 2014

Month 9 Income & Expenditure

£m	Plan	Actual	Variance
Surplus (Deficit)	(1.2)	(2.1)	(0.9)

YTD Income & Expenditure

£m	Plan	Actual	Variance
Surplus (Deficit)	(11.1)	(15.2)	(4.1)

Statutory Duties

Breakeven The Trust's plan is to deliver a deficit position in FY15.

R

CRL The Trust has not exceeded its Capital Resource Limit.

G

EFL The Trust has managed spend within its External Financing Limit.

G

10 Days' Cash Cash at 31/12/14 equated to 2 days' spend

R

BPPC Month 9 performance - 92% by number and 88% by value (95% target)

R

TDA

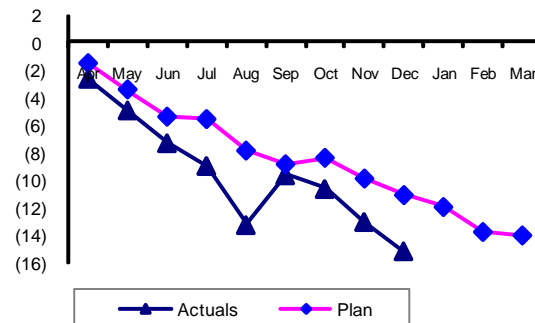
Monitor

YTD Financial Risk Rating

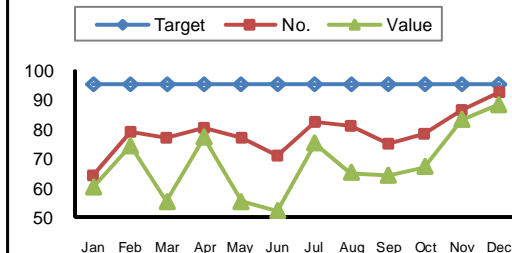
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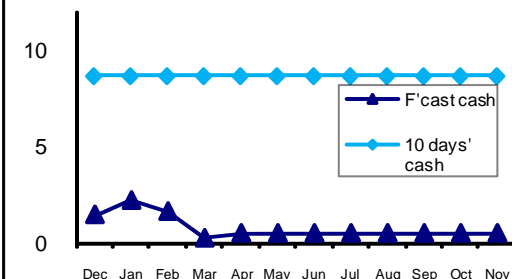
Income & Expenditure FY15 £m



Rolling Better Payment Performance %



Forecast Cash £m



Savings £m



M9 YTD Variance by Division

	£m	% Budget
Medicine	(4.2)	(22)
Surgery	(4.0)	(24)
Women's	(3.2)	(20)
Clinical Support	(0.3)	(7)
Estates & Facilities	0.7	4
Corporate	(4.0)	(14)
Income / Other	10.9	
Total	(4.1)	

December Performance

Actual deficit of £2.1m; £0.9m worse than plan	⁵ The actual deficit in December was £2.1m, which was £0.9m worse than planned. Analysis of December's performance is detailed in Appendix 1 and Appendix 12.
NHS clinical income £4.1m under plan	⁶ NHS clinical income was £4.1m below plan, analysis of which is included in Appendix 3A. Non-delivery of RTT is continuing to have an adverse impact on both the financial and operational performance of the Trust (£0.5m for December). The financial impact of non-delivery is included in Appendix 3B. Other factors contributing to the variance against plan on income are <ul style="list-style-type: none"> • Year to date MRET adjustment of £3.4m to reflect the discussions with CCG on MRET. • Outpatient under performance of £0.3m predominantly due to non-delivery of RTT (£0.2m) and changes in casemix relating to antenatal pathway income (£0.1m). This is partially offset by over performance in activity within medical specialities. • Elective underperformance of £0.3m relating to non-delivery of RTT • Over performance in direct access income was offset by increased expenditure.
MRET adjustment of £3.4m	⁷ In previous months, the Trust assumed payment at 100% for all its emergency activity i.e. no impact from the 30% marginal tariff rule. The outcome of negotiations has resulted in an offer from HVCCG of £2.5m, which represents a reduction of £3.4m against expectation. This reduction is reflected in Decembers' position.
Other income £1.0m above plan	⁸ The favourable variance on other income relates to £1m non-recurrent Provider Deficit Funding and £0.2m recharge to Hertfordshire Community NHS Trust for the provision of community beds at Hemel Hempstead. The income from Hertfordshire Community NHS Trust is offset by the costs of running this ward.
Pay over spent by £0.9m in month	⁹ December pay expenditure was £16.8m; £0.9m overspent compared to budget. Factors contributing to the overspend are: <ul style="list-style-type: none"> • The cost of providing staffing cover for community beds (£0.1m), which is offset by other income; • The cost of delivering the transformation programme (£0.3m); • Use of bank and agency above vacancy factor within the Surgery and Acute Medical divisions as detailed in Appendix 9 (£0.1m and 44.52wte); • Medical pay overspend of £0.1m (after adjusting for community beds recharge) due to unfunded locum consultant in ESAU, agency premium and other additional cover including waiting list drives in Medical division. • Unidentified pay savings (£0.4m) <p>Trends of pay expenditure by division and pay groups are shown in Appendix 4.</p>
Non-pay £3.0m under spent	¹⁰ Non-pay was under spent by £3.0m. This includes under achievement of Non Pay cost improvement plans, £0.5m and the cost of community beds, £0.05m. The under

spend reflects the revised estimate of contract penalties and contingent costs.

Slippage of £0.8m ¹¹ The Trust delivered £0.8m of savings against target of £1.6m for December (Appendix 10).

Year to Date Performance

Actual deficit of £15.2m, £4.1m worse than planned ¹² At the end of December, the Trust reported a year to date deficit of £15.2m, which was £4.1m worse than planned. The year to date position includes £8m of non-recurrent provider deficit funding.

NHS Income was £9.5m under budget ¹³ NHS clinical income was £9.5m below plan at end of month 9 (see Appendix 3A). Key drivers were:

- MRET penalty adjustment of £3.4m to reflect outcome of discussion with CCG
- Elective under performance of £3.6m (2,915 spells) predominantly due to non-delivery of RTT (£4m and 2,863 spells).
- Outpatient under performance of £2.4m due to RTT (£1.9m), delay in implementing the Ophthalmology business case (£0.4m) and changes in case mix to the antenatal pathway and fewer maternity bookings (£0.6m).
- Non-elective under performance (excluding unplanned MRET adjustment) of £1m was due to change in casemix and changes to recording practice in virtual Children's Observation Bay. Though the Trust recorded 333 spells above plan, there was no over performance in income as most of these spells were part of ambulatory care that attracted a lower tariff.
- Over performance on scans (£0.7m) and direct access (£0.5m) were partially offset by over spends in expenditure in clinical supplies.

Analysis of clinical income performance including impact of RTT is included in Appendix 3B.

¹⁴ Divisional income was £10.4m better than plan due non-recurrent provider deficit funding from TDA and a recharge to Hertfordshire Community Trust for the provision of community beds in Churchill ward. Income from Hertfordshire community Trust is offset by the costs of running this ward.

Pay is £7.0m more than planned ¹⁵ Pay expenditure to the end of December was £154.5m; £7.0m overspent compared to budget before adjusting for recharge for community beds and slippage against savings target. Factors driving the pay overspends were:

- £2m of costs relating to Transformation Programme
- £0.7m due to use of bank and agency above vacancy factor and agency premium after offsetting with other vacancies
- £1.9m recharge for community beds
- £2.4m Savings slippage

Non-pay £2.9m less than planned ¹⁶ Non-pay expenditure was £2.9m less than budget to end of December. Within this expenditure figure, there is a £2.4m underachievement in relation to savings plans

and £0.3m recharge for community beds. Reduction in outsourcing costs due to non-delivery of RTT (£3.3m), release of accruals relating to penalties and contingency (£3.8m), non-recurrent benefit relating to VAT reclaim (£0.8m) and non-recurrent benefit relating to revenue to capital transfer (£0.2m) were partially offset by cost of Transformation programme (£1.5m) and activity related overspends on clinical supplies (£1.6m).

Savings

YTD shortfall on savings of £4.1m

In December, the Trust delivered £0.8m of savings against the target of £1.6m (Appendix 10); increasing the year to date shortfall to £4.1m against a year to date target of £8.2m. The Trust is still forecasting delivery of £10m of savings for FY15 but it should be recognised that £2m of this is considered high risk.

The recurrent full year delivery of the FY15 schemes is currently forecast to be £12m.

Financial Risk Rating (FRR)

Financial performance ratios - Poor

Due to the income and expenditure deficit, and impact on cash generated, the Trust scores 1, the lowest possible score, on the Monitor and TDA financial ratings for its December and FY15 forecast. This is in line with FY14 and indicates that the Trust would, as a minimum, be on monthly reporting and could require performance management intervention. See Appendix 8 for further information on financial risk ratios.

	M9	FY15 Forecast
Monitor	1	1
Trust Development Authority	1	1

Capital

Capital spend totalled £4.7m to December

Capital spend in December totalled £1.4m (£5.7m year to date). This reflects £1.2m spent on backlog maintenance and £0.2m on equipment. Both the backlog maintenance, the schemes brought forward and equipment will be fully spent by the end of this financial year. The grant of £5m to Watford Borough Council will be paid in FY15.

FY15 capital plans to be finalised

The capital budget will be increased from £15.3m to £19.9m pending confirmation of the Trust's application via the ITFF for additional capital cash. The further funding is to be dedicated to critical Estates backlog of £2.1m, essential medical equipment of £2.0m and Bowel Screening Capacity of £0.3m. The Capital Finance Planning Group, which oversees the capital programme on behalf of TLEC, has been set up and continues to develop plans for FY15.



Cash Management

**Cash of £1.5m²¹
supported by a
£28m
temporary
borrowing**

The Trust's current cash holding is £1.5m, as shown in Appendices 6 & 7, which equates to 2 day of operating expenses. This is less than the minimum of 10 days' operating expenses required as good practice. It should be noted that the Trust's cash position included the five tranches of temporary borrowing from DH totalling £28m. The cash balance is low and will remain low for FY15.

**Cash application²²
to TDA in
December**

The Trust has now received provisional information regarding its application for cash to cover the FY15 forecast revenue and capital spending. The application is for £22.7m revenue and £11.1m capital spread over FY15 and FY16 (£4.4m for FY15 and £6.7m for FY16). The Trust will repay temporary borrowing once the Trust receives cash arising from the recent ITFF application.

Recommendations and Actions

**YTD deficit of²³
£15.2m - £4.1m
worse than plan**

Trust Board is asked to note the Month 9 year to date deficit of £15.2m (£4.1m worse than planned) and the underlying risks in delivering the FY15 plan. Actions put in place to address this include:

1. Weekly review and monitoring of Executive team led recovery plan to improve run rate whilst maintaining patient safety and quality of care.
2. Review of all interim costs with actions to reduce the number of interims from January onwards.
3. Review of costs related to Transformation Programme.
4. Efficiency workshops focused on creating sustainable savings plans for FY16
5. Reinforcement and strengthening of existing controls to reduce expenditure and ensure compliance with Trust SFI
6. For the longer term, the Trust continues to work with local health economy partners on developing a sustainable strategy for the delivery of health care that meets local demands.

Appendix 1 - Statement of Comprehensive Income (I&E)

Month 9 (December)			Year to date				Full Year Budget
Budget	Actual	Var	Budget	Actual	Var	Prior Year Actual	
3,375	3,070	(305)	31,441	28,526	(2,915)	26,951	41,910
3,893	3,807	(86)	34,867	35,110	243	28,120	46,326
457	407	(50)	4,090	4,044	(46)	3,682	5,434
35,595	33,095	(2,500)	324,960	305,494	(19,466)	269,593	431,340
9,141	9,320	179	81,861	84,664	2,803	71,192	108,765
£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
4,427	4,159	(268)	41,235	37,646	(3,588)	37,891	54,967
7,859	7,671	(189)	70,385	69,286	(1,099)	61,083	93,518
5,650	5,339	(310)	51,563	49,136	(2,427)	48,998	68,448
977	1,025	47	8,754	9,266	512	8,374	11,631
1,187	1,287	100	10,632	10,647	15	10,675	14,127
3,161	(340)	(3,501)	29,480	26,552	(2,928)	25,563	39,237
23,262	19,141	(4,121)	212,049	202,534	(9,515)	192,584	281,928
97	86	(11)	877	691	(186)	853	1,169
119	92	(27)	1,072	894	(178)	1,152	1,430
217	178	(39)	1,949	1,585	(364)	2,006	2,599
649	568	(80)	6,933	6,768	(165)	6,789	9,172
1,084	2,362	1,278	9,939	20,989	11,050	16,211	14,974
200	-	(200)	1,054	-	(1,054)	-	1,667
1,933	2,931	998	17,927	27,758	9,831	23,000	24,147
25,411	22,250	(3,161)	231,925	231,877	(48)	217,589	308,674
16,025	14,443	1,581	144,976	132,831	12,145	128,076	193,512
366	2,374	(2,008)	4,547	21,659	(17,112)	14,547	5,636
(447)		(447)	(2,001)		(2,001)	-	(3,162)
15,943	16,817	(874)	147,522	154,491	(6,969)	142,622	195,986
1,546	1,684	(138)	14,511	14,352	159	12,682	19,309
2,119	2,534	(416)	20,709	22,372	(1,663)	20,697	27,124
6,439	2,375	4,064	53,325	46,547	6,778	38,487	71,900
(483)		(483)	(2,389)		(2,389)	-	(4,098)
9,621	6,593	3,028	86,156	83,271	2,885	71,866	114,235
(153)	(1,160)	(1,007)	(1,752)	(5,885)	(4,132)	3,101	(1,547)
667	600	67	6,000	5,932	68	5,912	8,001
46	46	(0)	414	407	7	545	552
325	325	-	2,925	2,925	-	2,604	3,900
(1,191)	(2,131)	(940)	(11,092)	(15,150)	(4,058)	(5,961)	(14,000)
2,274	1,696	(578)	19,545	15,335	(4,210)		25,670
2,018	1,160	(858)	16,697	12,701	(3,996)		22,886
1,796	1,177	(619)	15,994	12,835	(3,160)		21,316
(399)	(501)	(102)	(3,774)	(4,049)	(276)		(4,839)
(1,998)	(1,721)	277	(16,825)	(16,145)	681		(22,588)
(3,088)	(3,766)	(678)	(29,210)	(33,245)	(4,035)		(38,028)
-		-	-	-	-		(2,059)
(1,046)	(907)	139	(9,418)	(9,271)	147		(12,558)
(748)	(2,366)	(1,618)	(4,102)	7,319	11,421		360
	3,097	3,097		(630)	(630)		(4,160)
(1,191)	(2,131)	(940)	(11,092)	(15,150)	(4,058)		(14,000)

Appendix 2 – EBITDA by Division

£000s	December 2014				Year to date			
	Plan	Actual	Variance	%	Plan	Actual	Variance	%
Income								
Medicine	9,993	10,297	304	3	90,599	93,425	2,825	3
Surgery	8,470	7,825	(645)	(8)	77,141	70,820	(6,321)	(8)
Women's & Children's	4,493	4,056	(436)	(10)	41,565	39,453	(2,112)	(5)
Clinical Support	1,289	1,344	56	4	11,970	12,356	387	3
Estates & Facilities	492	470	(22)	(4)	4,576	4,520	(56)	(1)
Corporate	574	556	(18)	(3)	5,168	4,999	(169)	(3)
Other	101	(2,298)	(2,399)		907	6,304	5,397	
Total Income	25,411	22,250	(3,161)		231,925	231,877	(48)	
Pay								
Medicine	5,190	5,630	(440)	(8)	47,562	51,733	(4,171)	(9)
Surgery	4,192	4,313	(121)	(3)	37,453	38,404	(951)	(3)
Women's & Children's	2,227	2,285	(58)	(3)	21,157	21,722	(566)	(3)
Clinical Support	2,251	2,294	(43)	(2)	20,518	20,715	(197)	(1)
Estates & Facilities	327	234	93	28	3,333	3,049	284	9
Corporate	1,757	2,062	(305)	(17)	17,309	18,948	(1,639)	(9)
Other	0	0	0		191	(80)	272	
Total Pay	15,943	16,817	(874)		147,522	154,491	(6,969)	
Non-pay								
Medicine	1,892	2,295	(404)	(21)	17,758	20,353	(2,595)	(15)
Surgery	1,854	1,949	(95)	(5)	19,329	16,018	3,311	17
Women's & Children's	252	369	(117)	(46)	2,465	2,912	(447)	(18)
Clinical Support	698	856	(157)	(23)	6,571	7,374	(803)	(12)
Estates & Facilities	2,163	1,957	206	10	18,068	17,616	453	3
Corporate	1,905	2,260	(355)	(19)	17,069	19,297	(2,228)	(13)
Other	857	(3,092)	3,950		4,896	(298)	5,194	
Total Non-pay	9,621	6,593	3,028		86,156	83,271	2,885	
EBITDA								
Medicine	2,912	2,372	(540)	(19)	25,280	21,338	(3,941)	(16)
Surgery	2,425	1,564	(861)	(36)	20,360	16,398	(3,962)	(19)
Women's & Children's	2,013	1,402	(611)	(30)	17,943	14,818	(3,125)	(17)
Clinical Support	(1,660)	(1,805)	(145)	(9)	(15,119)	(15,732)	(613)	(4)
Estates & Facilities	(1,998)	(1,721)	277	14	(16,825)	(16,145)	681	4
Corporate	(3,088)	(3,766)	(678)	(22)	(29,210)	(33,245)	(4,035)	(14)
Other	(757)	794	1,551		(4,181)	6,682	10,863	
TOTAL EBITDA	(153)	(1,160)	(1,007)		(1,752)	(5,885)	(4,132)	



Appendix 3 A - Income compared to activity plan

Activity:

Non-elective (emergency & other non-elective)
A&E attendances
Maternity births
Outpatient attendances and procedures
Imaging for outpatients (unbundled)
Elective (IP / DC)

Income:

Non-elective (emergency & other non-elective)
Non-elective threshold penalty (M1-9)
A&E attendances
Maternity -births
Maternity - pathways & attendances
Critical Care - adult and neo-natal
Outpatient attendances and procedures
Imaging for outpatients
Elective (inpatients & day cases)
Excluded high cost drugs
*Other income
CQUIN
Avoidable emergency readmission threshold

Prior period actuals			December			Year to date		
Sep	Oct	Nov	Actual	Budget	Variance	Actual	Budget	Variance
3,934	3,968	3,677	3,807	3,893	(86)	35,110	34,867	243
8,793	9,745	9,164	9,320	9,141	179	84,664	81,861	2,803
478	500	421	407	457	(50)	4,044	4,090	(46)
30,385	31,042	29,316	28,335	30,965	(2,630)	262,737	283,085	(20,348)
4,619	5,064	4,411	4,760	4,630	130	42,757	41,876	881
3,079	3,354	3,226	3,070	3,375	(305)	28,526	31,441	(2,915)
£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
6,961	6,940	6,920	7,218	7,302	(85)	64,303	65,397	(1,094)
			(3,436)		(3,436)	(3,436)		(3,436)
971	1,060	998	1,025	977	47	9,266	8,754	512
1,017	1,062	926	864	969	(104)	8,664	8,674	(10)
1,154	1,135	981	1,024	1,171	(147)	9,951	10,589	(638)
1,278	1,261	941	1,287	1,187	100	10,647	10,632	15
4,050	4,203	3,941	3,896	4,086	(189)	35,514	37,417	(1,904)
384	431	383	419	393	26	3,672	3,557	115
4,231	4,894	4,374	4,159	4,427	(268)	37,646	41,235	(3,588)
942	997	931	760	953	(193)	8,206	8,923	(717)
1,972	2,162	1,931	1,876	1,735	141	17,617	16,253	1,364
465	489	453	460	473	(12)	4,165	4,304	(139)
(407)	(424)	(398)	(411)	(412)	1	(3,681)	(3,686)	5
23,018	24,211	22,380	19,141	23,262	(4,121)	202,534	212,049	(9,515)

* Other income includes therapies , direct access radiology and pathology, HIV attendances, audiology, high cost devices and other non-PbR block income.



Appendix 3 B - Impact of non-delivery of RTT clinical income

In-month Performance

POD	Plan		Actual		Over / (Underperformance)	
	No.	£000s	No.	£000s	No.	£000s
Non-Elective	4,350	7,859	4,214	4,235	(136)	(3,625)
Elective	3,375	4,427	3,070	4,159	(305)	(268)
Outpatients	35,595	5,650	33,095	5,339	(2,500)	(310)
A&E	9,141	977	9,320	1,025	179	47
Critical Care	1,777	1,187	1,788	1,287	11	100
Other	0	1,735	0	1,876		141
High Cost Drugs	0	953	0	760		(193)
CQUIN	0	473	0	460		(12)
Total	54,238	23,262	51,487	19,142	(2,751)	(4,120)

Analysis of Variance			
Non-delivery of RTT		Variance excl. RTT	
No.	£000s	No.	£000s
		(136)	(3,625)
(366)	(301)	61	33
(2,021)	(219)	(479)	(91)
		179	47
		11	100
			141
			(193)
			(12)
(2,387)	(520)	(364)	(3,601)

Year to date

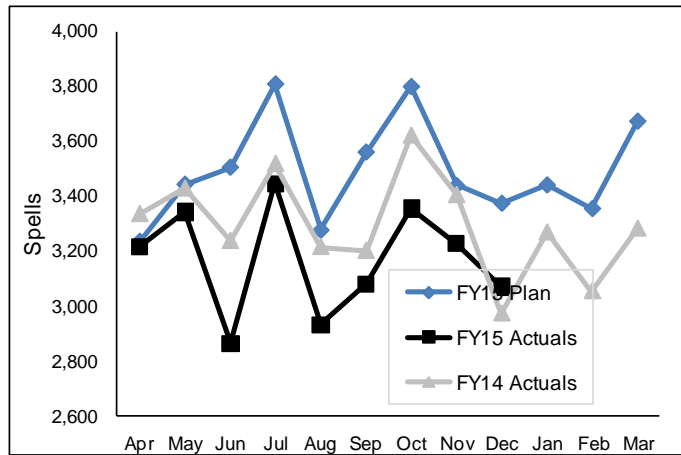
POD	Plan		Actual		Over / (Underperformance)	
	No.	£000s	No.	£000s	No.	£000s
Non-Elective	38,957	70,385	39,154	65,850	197	(4,535)
Elective	31,441	41,235	28,526	37,646	(2,915)	(3,589)
Outpatients	324,961	51,563	305,494	49,136	(19,467)	(2,427)
A&E	81,861	8,754	84,664	9,266	2,803	512
Critical Care	15,915	10,632	15,996	10,647	82	15
Other		16,253		17,617		1,364
High Cost Drugs		8,923		8,206		(717)
CQUIN		4,304		4,165		(139)
Total	493,135	212,049	473,834	202,534	(19,301)	(9,515)

Analysis of Variance			
Non-delivery of RTT		Variance excl. RTT	
No.	£000s	No.	£000s
		197	(4,535)
(3,179)	(3,593)	264	5
(17,304)	(1,875)	(2,163)	(552)
		2,803	512
		82	15
			1,364
			(717)
			(139)
(20,483)	(5,468)	1,182	(4,047)

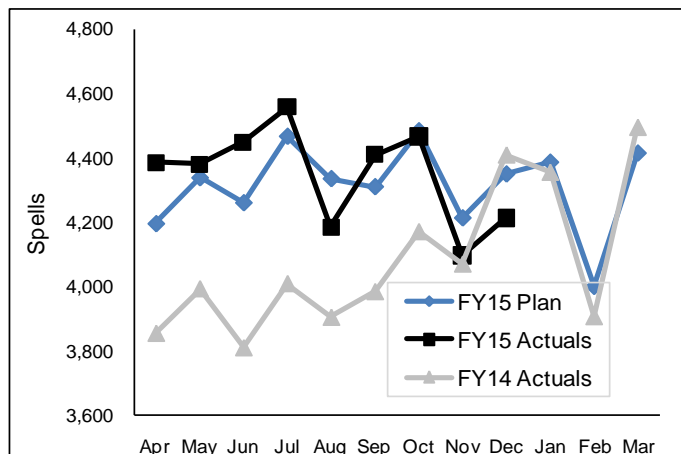
** Please note: Non-Elective figures include an adjustment for the loss of Income relating to MRET

Appendix 3 C – Activity Trends

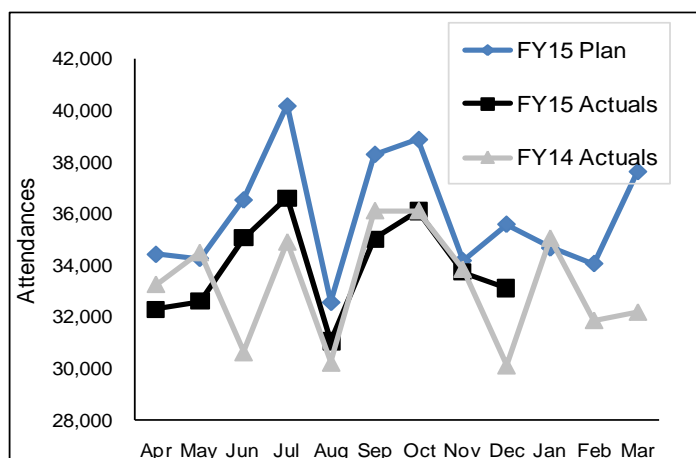
FY15 Elective Activity Actuals Compared to Plan



FY15 Non-Elective Actuals Compared to Plan (incl births)



FY15 Outpatient Activity Actuals Compared to Plan (incl. imaging)

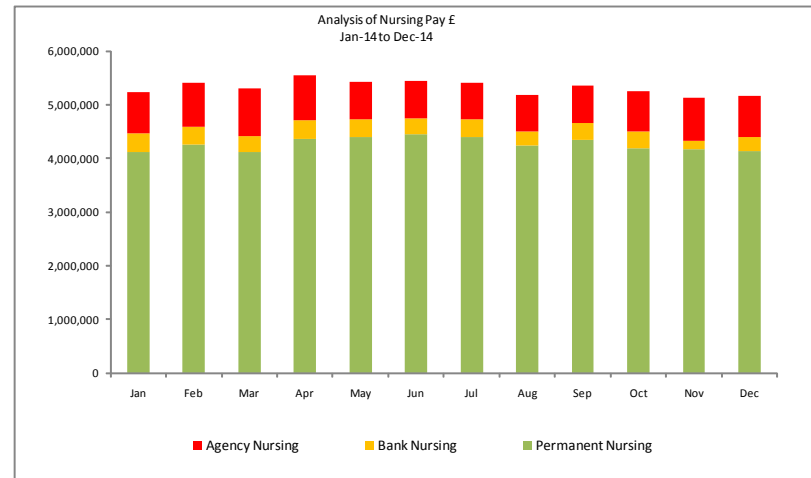
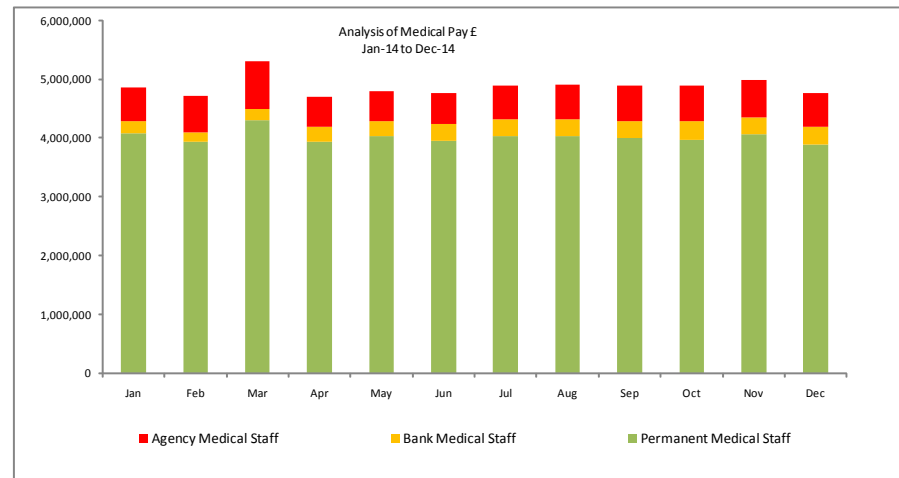
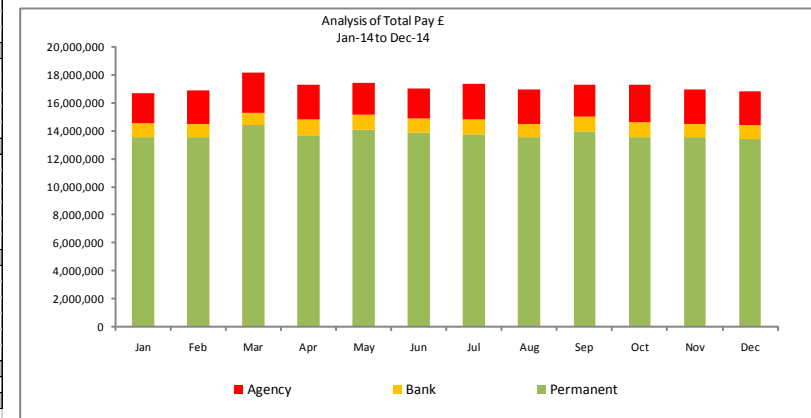




Appendix 4 Trend of Pay Expenditure

		Actuals											
Pay Group	Division	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Medical Pay	Medicine	1,774	1,775	2,010	1,704	1,765	1,760	1,805	1,868	1,798	1,800	1,885	1,771
	Surgery	1,927	1,800	1,846	1,810	1,860	1,843	1,889	1,873	1,900	1,896	1,950	1,910
	Women's & Children's	622	621	715	639	660	664	650	624	675	658	684	568
	Clinical Support	454	458	460	479	450	447	486	480	439	453	490	448
	Corporate	73	62	274	61	62	53	62	67	76	77	71	67
Central Income								(9)				(103)	
Medical Pay Total		4,849	4,716	5,305	4,692	4,797	4,768	4,883	4,912	4,889	4,884	4,976	4,764
Nursing Pay	Medicine	2,328	2,419	2,377	2,461	2,343	2,365	2,378	2,298	2,339	2,289	2,303	2,266
	Surgery	1,370	1,403	1,415	1,437	1,428	1,425	1,408	1,412	1,434	1,418	1,450	1,379
	Women's & Children's	1,302	1,347	1,300	1,381	1,393	1,391	1,358	1,291	1,307	1,315	1,317	1,304
	Clinical Support	38	37	35	41	36	32	37	36	35	42	41	38
	Corporate	190	209	184	224	223	228	222	143	234	194	188	186
Central Income												(160)	
Nursing Pay Total		5,227	5,414	5,311	5,543	5,424	5,440	5,404	5,180	5,349	5,258	5,139	5,173
Other Clinical Pay	Medicine	785	744	732	817	781	738	766	730	754	732	733	738
	Surgery	330	339	349	365	357	345	332	346	343	336	347	346
	Women's & Children's	210	210	204	218	217	221	210	219	219	207	211	208
	Clinical Support	218	224	224	233	244	244	235	229	234	229	235	228
	Corporate	24	25	25	25	26	26	25	26	26	26	26	26
Other Clinical Pay Total		1,568	1,542	1,534	1,659	1,625	1,573	1,579	1,542	1,575	1,530	1,552	1,546
Sci, Tech & Prof	Medicine	92	131	138	143	144	133	133	138	127	138	135	160
	Surgery	272	320	306	345	303	283	331	299	325	338	324	361
	Women's & Children's	9	6	5	6	9	9	5	6	6	4	5	4
	Clinical Support	1,382	1,395	1,364	1,390	1,394	1,431	1,411	1,382	1,459	1,435	1,416	1,425
	Estates & Facilities	19	19	19	19	19	17	17	17	17	45	18	10
	Corporate	75	74	74	73	74	96	89	86	102	78	84	83
Sci, Tech & Prof Total		1,849	1,946	1,906	1,977	1,943	1,969	1,986	1,928	2,036	2,038	1,982	2,043
Prof&Tech Pay Total	Medicine	651	670	670	650	639	652	643	706	687	688	683	694
	Surgery	302	274	272	302	281	270	283	305	297	310	292	317
	Women's & Children's	187	172	219	203	188	200	198	215	225	227	201	201
	Clinical Support	155	156	168	147	166	140	146	147	147	149	153	154
	Estates & Facilities	266	269	261	289	277	265	244	315	292	276	351	224
	Corporate	1,668	1,737	2,557	1,821	1,778	1,668	2,005	1,907	1,810	1,967	1,646	1,701
Senior Manage Pay Total		3,230	3,277	4,148	3,412	3,329	3,195	3,518	3,594	3,459	3,616	3,326	3,291
Phasing Adjustments to Annual Plan						292	72	-	(173)				
Grand Total		16,722	16,895	18,204	17,284	17,410	17,018	17,371	16,982	17,307	17,325	16,975	16,817
Cost of beds recharged CCG		76	109	159	179	166	159	165	157	157	149	134	138

		Actuals											
Division		Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Medicine		5,630	5,739	5,928	5,776	5,672	5,648	5,726	5,739	5,706	5,647	5,739	5,630
Surgery		4,201	4,136	4,187	4,259	4,229	4,165	4,244	4,234	4,299	4,298	4,363	4,313
Women's & Children's		2,330	2,356	2,443	2,447	2,467	2,485	2,432	2,346	2,432	2,411	2,417	2,285
Clinical Support		2,247	2,270	2,251	2,290	2,291	2,294	2,316	2,275	2,314	2,308	2,335	2,294
Estates & Facilities		285	287	280	308	296	282	260	332	309	320	369	234
Corporate		2,030	2,107	3,115	2,204	2,163	2,071	2,403	2,229	2,248	2,342	2,015	2,062
Central Income								(9)				(263)	
Phasing Adjustments						292	72	(173)					
Total		16,722	16,895	18,204	17,284	17,410	17,018	17,371	16,982	17,307	17,325	16,975	16,817



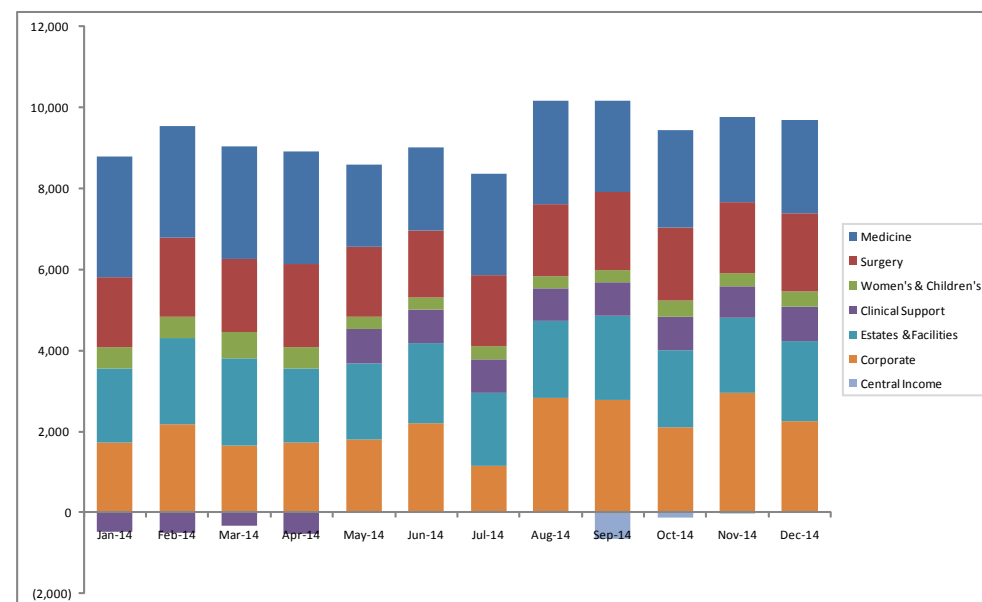


Appendix 5 Trend of Non-Pay Expenditure¹

		Actuals											
Spend Type	Division	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Clinical Supplies	Medicine	917	1,070	1,006	649	707	649	770	576	669	694	608	650
	Surgery	1,154	1,275	912	1,207	1,109	1,089	1,170	1,104	1,248	1,168	1,048	1,185
	Women's & Children's	265	254	311	136	124	149	116	108	122	149	116	151
	Clinical Support	(303)	(268)	(154)	385	481	434	454	453	438	455	443	473
	Estates & Facilities	67	70	76	101	18	61	68	54	56	68	106	34
Corporate		34	29	46	31	34	43	31	37	33	37	30	41
Clinical Supplies Total		2,133	2,431	2,197	2,509	2,472	2,425	2,608	2,332	2,566	2,571	2,352	2,534
Drugs	Medicine	1,245	1,017	963	1,038	875	930	1,332	1,491	1,137	1,218	1,051	1,176
	Surgery	77	206	263	246	274	236	231	253	254	267	225	281
	Women's & Children's	79	69	64	65	59	61	68	55	73	88	79	93
	Clinical Support	152	136	153	126	141	138	143	127	115	136	116	134
	Corporate	7	0	1	1	1	1	1	1	4	6	3	1
Drugs Total		1,558	1,428	1,444	1,477	1,350	1,366	1,776	1,927	1,584	1,715	1,474	1,684
Establishment	Medicine	66	54	50	49	48	52	59	46	65	59	55	42
	Surgery	33	26	24	30	24	32	26	34	31	8	28	18
	Women's & Children's	33	22	27	26	25	23	30	25	24	26	14	15
	Clinical Support	31	19	27	20	19	24	20	22	22	24	22	20
	Estates & Facilities	140	129	131	105	116	52	120	110	124	125	110	121
Corporate		209	207	252	62	88	77	91	73	76	75	80	16
Establishment costs Total		513	457	510	293	320	260	346	310	342	317	309	232
General Supplies	Medicine	82	100	102	89	88	103	90	100	111	110	101	126
	Surgery	143	146	164	150	227	212	248	198	219	212	225	232
	Women's & Children's	34	37	41	36	35	40	35	33	40	37	36	43
	Clinical Support	8	8	10	8	9	9	8	12	6	12	8	10
	Estates & Facilities	592	682	635	572	574	710	539	561	693	561	527	570
Corporate		7	8	22	5	14	9	10	12	7	14	14	13
General Supplies Total		865	982	974	860	948	1,083	931	916	1,076	946	912	994
Premises Costs	Medicine	43	57	131	76	66	84	79	65	120	85	69	71
	Surgery	14	0	4	(5)	16	14	9	7	10	14	8	9
	Women's & Children's	0	1	26	5	4	3	3	3	5	3	2	1
	Clinical Support	64	64	84	59	61	67	67	65	76	44	70	72
	Estates & Facilities	486	648	750	501	610	560	494	638	589	566	600	700
Corporate		373	400	(61)	366	387	418	360	1,316	977	642	1,348	718
Premises costs Total		980	1,170	933	1,002	1,145	1,147	1,012	2,093	1,777	1,354	2,096	1,572
Other costs	Medicine	364	178	259	219	235	250	186	268	162	237	229	231
	Surgery	47	65	182	32	79	56	69	184	160	149	233	223
	Women's & Children's	46	51	103	49	42	40	61	68	43	85	73	67
	Clinical Support	164	135	132	141	162	152	140	139	169	163	112	146
	Estates & Facilities	349	412	375	345	370	407	387	340	420	389	327	349
Corporate		1,101	1,539	1,402	1,268	1,277	1,643	652	1,396	1,688	1,335	1,444	1,470
Central Income										(117)	24	5	
Adjustment to TDA plan					183	387	190	1,712		257	749	58	(3,097)
Other costs Total		2,072	2,380	2,453	2,238	2,551	2,738	3,208	2,394	2,248	2,989	2,500	(606)
Ambulance	Medicine	-	-	0	-	-	-	-	-	-	-	-	-
	Estates & Facilities	191	190	185	190	179	193	204	188	187	182	183	184
	Corporate	(6)	-	0	-	-	-	-	-	-	-	-	-
Other costs Total		185	190	185	190	179	193	204	188	187	182	183	184
Grand Total		8,303	9,037	8,697	8,569	8,966	9,212	10,085	10,160	9,789	10,072	9,824	6,593

		Actuals											
Division		Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Medicine		2,984	2,735	2,776	2,759	2,019	2,068	2,517	2,545	2,263	2,403	2,112	2,295
Surgery		1,720	1,966	1,794	2,063	1,729	1,639	1,753	1,780	1,923	1,817	1,767	1,949
Women's & Children's		536	513	652	533	288	317	313	291	307	389	321	369
Clinical Support		(487)	(491)	(336)	(517)	873	823	833	818	826	834	771	856
Estates & Facilities		1,824	2,132	2,151	1,813	1,867	1,983	1,812	1,890	2,068	1,890	1,853	1,957
Corporate		1,725	2,183	1,661	1,735	1,803	2,191	1,145	2,835	2,785	2,108	2,951	2,260
Central Income										(640)	(117)	(8)	5
Adjustment to plan					183	387	190	1,712		257	749	58	(3,097)
Total		8,303	9,037	8,697	8,569	8,966	9,212	10,085	10,160	9,789	10,072	9,824	6,593

Rolling analysis of Non-Pay Spend by Division £'000



¹ FY14 includes internal recharges for diagnostics which are now being reported separately

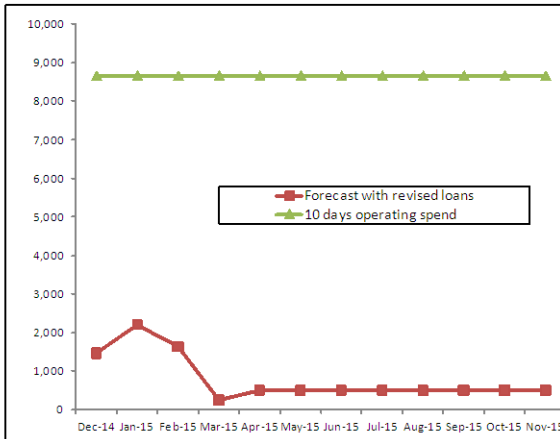
Appendix 6 - Cash and Capital Management

Month end cash balance

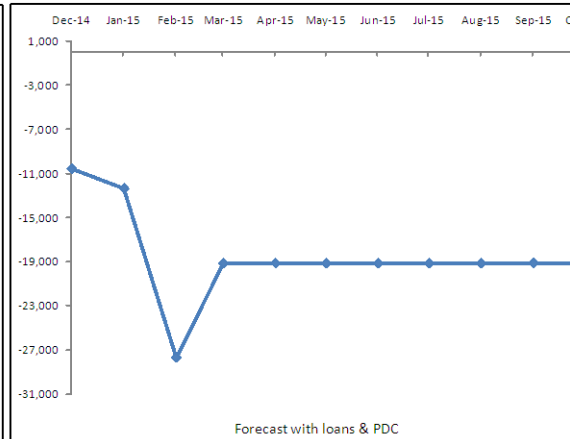
	£m
Opening balance 01/04/14	6.3
Deficit as at 31/12/14	(15.3)
Capital spend	(5.7)
Depreciation	6.0
Temporary PDC - Revenue	28.0
Other changes in working capital	(17.8)
Cash balance as at 31/12/14	1.5

£1.5m represents 2 days of operating expenses. A minimum of 10 days is required to meet good practice. It should be noted that a £5m advance received in April from Herts Valley CCG has been repaid in December.

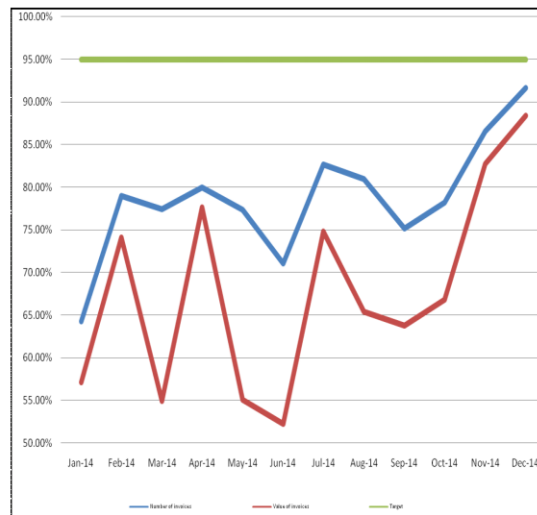
Forecast Cash Balances - Next 12 Months



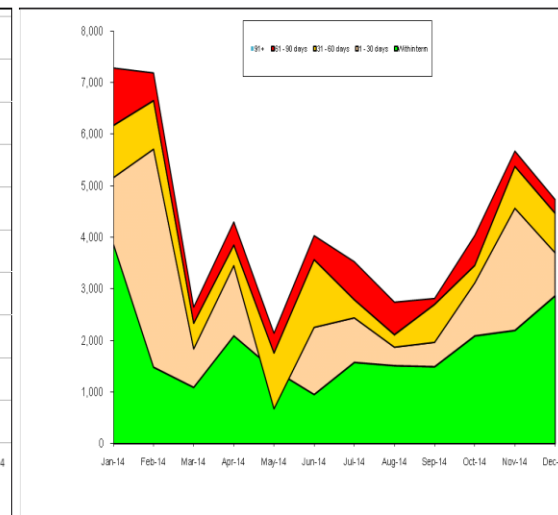
Forecast Liquidity as measured by Net Current Assets/Liabilities for the next 12 months



Payables: Better Practice Payment Code Performance



NHS and Trade Receivables by Age Profile Adjusted for Bad Debt Provision



Capital Programme 31st December 2014

	2014/15 Budget £m	YTD Actual £m
Brought Forward Commitments	0.90	0.70
Watford Link Road	5.00	2.00
Backlog maintenance	9.80	2.73
Maternity IT	0.07	0.00
Equipment	0.00	0.26
	15.77	5.69
Sale towards costs of capital programme	-0.40	0.00
Grand Total	15.37	5.69

Appendix 7 - Statement of Financial Position (Balance Sheet)

	Actual 30/11/14 £'000	Actual 31/12/14 £'000	Forecast 31/03/15 £'000	Variance from Prior Month £'000
Non Current Assets				
Property Plant and Equipment at cost	183,118	195,821	206,864	12,703
Intangible Assets at cost	7,113	7,113	7,374	0
Property Plant and Equipment depreciation	(44,243)	(41,084)	(43,177)	3,159
Intangible Assets depreciation	(6,611)	(6,635)	(6,708)	(24)
Other Assets	1,376	1,375	1,386	(1)
Total Non Current Assets	140,753	156,590	165,739	15,837
Current assets				
Inventories	3,836	3,938	3,813	102
NHS Trade Receivables	5,764	6,314	4,644	550
Non NHS Trade Receivables	4,967	3,880	4,553	(1,087)
Provisions for bad debts	(2,520)	(2,436)	(2,330)	84
Income Accruals	14,492	17,999	4,091	3,507
Prepayments	4,683	4,471	2,887	(212)
Cash and Cash equivalents	1,170	1,460	246	290
Current Assets	32,392	35,626	17,904	3,234
Non Current Assets held for sale	323	323	0	0
Total Current Assets	32,715	35,949	17,904	3,234
Total Assets	173,468	192,539	183,643	19,071
Current liabilities (amounts due in less than one year)				
NHS Trade Payables	(2,110)	(868)	(928)	1,242
Non NHS Trade Payables	(6,388)	(5,326)	(2,012)	1,062
Other Payables	(4,687)	(4,845)	(4,785)	(158)
Capital payables	(1,044)	(1,496)	(1,056)	(452)
Taxation payable	(1,896)	(1,819)	(1,926)	77
PDC dividend	(796)	(1,121)	0	(325)
Interest Payable	(102)	(151)	(29)	(49)
Holiday Pay Accrual	(61)	(61)	(61)	0
Expenditure Accruals	(25,839)	(23,506)	(20,498)	2,333
Deferred income	(968)	(3,031)	(371)	(2,063)
DH Working Capital Loan Principal Repayments	(700)	(700)	(1,740)	0
DH Capital Loan Principal Repayments	(2,772)	(2,772)	(2,772)	0
Provisions for Liabilities and Charges	(913)	(850)	(904)	63
Total Current Liabilities	(48,276)	(46,546)	(37,082)	1,730
Net Current Assets/(Liabilities)	(15,561)	(10,597)	(19,178)	4,964
Total assets less current liabilities	125,192	145,993	146,561	20,801
Non Current Liabilities (Due > 1 Year)				
DH Working Capital Loan Principal Repayments	0	0	(6,960)	0
DH Capital Loan Principal Repayments	(6,921)	(6,921)	(5,535)	0
Provisions for liabilities and charges	(5,166)	(5,182)	(4,929)	(16)
Total Non Current Liabilities	(12,087)	(12,103)	(17,424)	(16)
TOTAL ASSETS EMPLOYED	113,105	133,890	129,137	20,785
FINANCED BY TAXPAYERS EQUITY				
Public Dividend Capital	213,905	221,805	218,785	7,900
Retained Earnings BF	(104,404)	(104,404)	(104,404)	0
Retained Earnings YTD (rolled up at 31.03.14)	(13,123)	(15,267)	(14,000)	(2,144)
Impairment charged to retained earnings	(2,000)	(3,197)	(6,197)	(1,197)
Revaluation reserve	18,727	34,953	34,953	16,226
TOTAL TAXPAYERS EQUITY	113,105	133,890	129,137	20,785



Appendix 8 - Financial Risk Ratings

Monitor/TDA

Continuity of Service - Financial Risk Ratings								Month	Dec-14
Metric	Definition	Weight	4	3	2	1	Risk rating ytd	Forecast rating 14/15	
Liquidity ratio (days)	$\frac{\text{Working capital balance} \times 360}{\text{Annual operating expenses}}$	50%	-2	-7	-12	<-12	1	1	
Capital servicing capacity (times)	$\frac{\text{Revenue available for capital service}}{\text{Annual debt service}}$	50%	2.5X	1.75X	1.25X	<1.25X	1	1	
Overall rating	Overall rating						1	1	
	Monitoring frequency	Regulatory activity							
4	Quarterly	None							
3	Monthly	None							
2	Monthly or greater	Potential intervention							
1	Monthly or greater	Potential intervention and initiation of pre-failure planning							

Trust

Continuity of Service - Financial Risk Ratings								Month	Dec-14
Metric	Definition	Weight	4	3	2	1	Risk rating ytd	Forecast rating 14/15	
Liquidity ratio (days)	<div>Working capital balance x 360</div> <div>Operating expenses</div>	50%	-2	-7	-12	<-12	1	1	
Capital servicing capacity (times)	<div>Revenue available for capital service</div> <div>Rolling debt service</div>	50%	2.5X	1.75X	1.25X	<1.25X	1	1	
Overall rating	Overall rating						1	1	
	Monitoring frequency	Regulatory activity							
4	Quarterly	None							
3	Monthly	None							
2	Monthly or greater	Potential intervention							
1	Monthly or greater	Potential intervention and initiation of pre-failure planning							

A rating of 1 on the financial risk ratings indicates that the Trust would be on monthly reporting.

The Trust YTD score rounds to 1 because it is reporting a retained £(18.5)m deficit, this includes a £(3.2)m impairment for the Watford Link Road and the effect of the a recent desk top valuation of the Trust's assets. This is an adverse variance against budget of £(4.1)m.



Appendix 9 – Analysis of Key Elements of the Pay Variance against Budget

Pay Type	Used*			Available inc. Agency premium			Overspend £	WTE above vacancy Factor
	Hours	WTE	Cost	Hours	WTE	Budget		
Nursing Pay	24,939	153.03	682,870	27,211	168.75	814,060	131,191	0.00
Other Clinical Pay	17,752	108.93	266,005	11,768	72.98	151,022	(114,984)	35.95
Scientific, Technical & Profes	8,703	53.40	342,035	1,722	10.68	78,660	(263,375)	42.72
Grand Total	51,394	315.36	1,290,910	40,701	252.41	1,043,742	(247,168)	78.67

* NHSP Data

	WTE	£'000	
Usage above vacancy factor	78.67	247	a
Community beds offset by income	34.15	110	b
Net usage above vacancy factor	44.52	138	(a-b)

Key Drivers for usage above vacancy factor

- Use of WTE above funded establishment in theatres due to establishment review - £84k and 31.2 wte
- ESAU Extended opening - £17k and 4.73 wte
- ITU overspend - £6k
- Specials, sickness, escalation, leave in Medical wards

Note:

Under spend in qualified nursing pay is due to vacancies in Theatres being mapped to Nursing pay while actual expenditure is recorded against P&T.

Vacancy budget available includes agency premium.



Appendix 10 A – Performance against savings target² by Division (December)

	In Month			YTD			Forecast		
	Target	Actual	Variance	Target	Actual	Variance	Target	Actual	Variance
Medicine	446	257	(189)	2,335	1,000	(1,335)	3,854	1,701	(2,153)
Surgery and Anaesthetics	367	165	(202)	1,921	1,021	(899)	3,127	1,616	(1,511)
Women and Children Services	173	35	(138)	907	249	(658)	1,477	395	(1,082)
Clinical Support Services	200	64	(136)	1,047	496	(551)	1,704	693	(1,011)
Corporate Services	196	11	(185)	1,026	100	(926)	1,318	133	(1,185)
Estates and Facilities	143	238	95	749	996	247	1,520	1,882	362
Trust Income	47	47	(0)	246	246	(0)	400	400	0
Grand Total	1,573	818	(755)	8,230	4,109	(4,122)	13,400	6,820	(6,580)

Note: Forecast savings on cross cutting themes of £3.2m not included in the above figures

² Based on FIMS plan

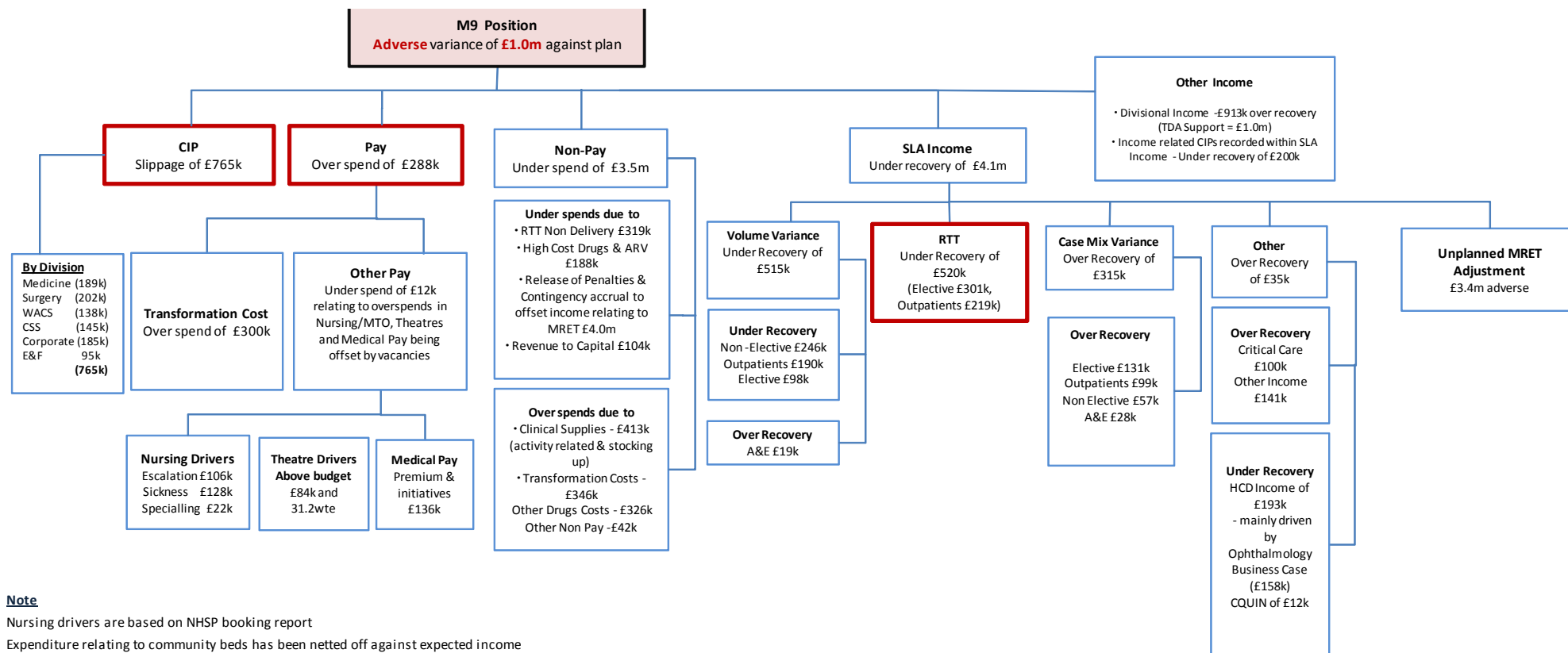


Appendix 11A – Forecast Outturn

Phased Forecast at M9

Income	M1A	M2A	M3A	M4A	M5A	M6A	M7A	M8A	M9A	M10F	M11F	M12F	FY Forecast £
Divisional Income	2,275	2,359	2,208	2,263	2,107	8,733	3,225	3,063	3,037	3,226	3,221	3,331	39,049
Income Unallocated CIPs	0	0	0	0	0	0	0	0	0	9	9	9	27
NHS Revenue	21,999	22,756	22,669	24,582	21,777	23,018	24,211	22,380	19,141	24,993	24,059	25,582	277,169
	24,274	25,115	24,877	26,845	23,885	31,751	27,435	25,444	22,178	28,228	27,289	28,923	316,245
Expenditure													
Pay	(17,284)	(17,410)	(17,018)	(17,371)	(16,982)	(17,307)	(17,325)	(16,975)	(16,817)	(18,762)	(18,583)	(18,599)	(210,434)
Non Pay	(8,559)	(8,957)	(9,202)	(10,076)	(10,152)	(9,781)	(10,064)	(9,816)	(6,585)	(10,951)	(11,090)	(12,209)	(117,442)
Recharges	0	0	(0)	0	(0)	0	(0)	(1)	(0)	(0)	0	0	(1)
Depreciation	(670)	(664)	(661)	(672)	(667)	(667)	(667)	(666)	(600)	(667)	(667)	(740)	(8,006)
Trust Debt Redemption	(371)	(369)	(370)	(370)	(369)	(371)	(370)	(371)	(371)	(371)	(371)	(374)	(4,448)
Unwinding Discount	(10)	(10)	(10)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(7)	(104)
	(26,893)	(27,409)	(27,261)	(28,498)	(28,178)	(28,134)	(28,435)	(27,837)	(24,381)	(30,759)	(30,719)	(31,929)	(340,434)
Underlying run rate	(2,619)	(2,294)	(2,384)	(1,653)	(4,294)	3,617	(999)	(2,393)	(2,203)	(2,531)	(3,431)	(3,006)	(24,189)
Other Changes													
Non-Recurrent CCG Support										2,333	2,333	2,333	7,000
Additional CIP To be Delivered										740	987	1,453	3,180
Loss of RTT Contribution												(550)	(550)
REcovery Plan needed										162	162	234	559
Total Other Changes	0	0	0	0	0	0	0	0	0	3,236	3,483	3,471	10,189
Adjusted Run Rate	(2,619)	(2,294)	(2,384)	(1,653)	(4,294)	3,617	(999)	(2,393)	(2,203)	704	52	465	(14,000)
Cumulative I&E	(2,619)	(4,913)	(7,297)	(8,950)	(13,243)	(9,626)	(10,625)	(13,019)	(15,222)	(14,517)	(14,465)	(14,000)	

Appendix 12 – Cost Drivers impacting December Performance



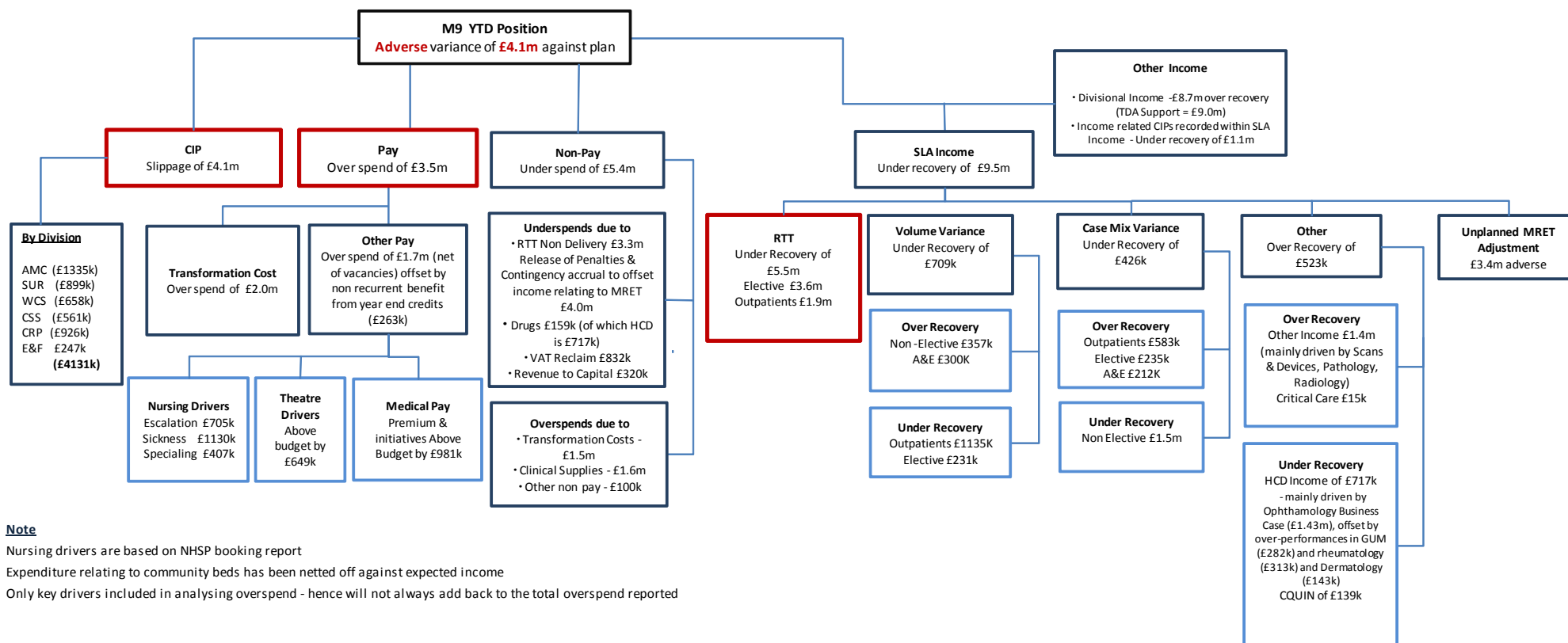
Note

Nursing drivers are based on NHSP booking report

Expenditure relating to community beds has been netted off against expected income

Only key drivers included in analysing overspend - hence will not always add back to the total overspend reported

Appendix 13 - Cost Drivers impacting Year to Date Performance



Note

Nursing drivers are based on NHSP booking report

Expenditure relating to community beds has been netted off against expected income

Only key drivers included in analysing overspend - hence will not always add back to the total overspend reported