Whittington Health NHS

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Whittington Health Trust Board

3 September 2014

Title:	Finance Report – July 2014 (Month 4)		
Agenda item:	**14/133**	**Paper**	**8**
Action requested:	For noting		
Executive Summary:	The paper analyses the financial performance of the Trust covering overall, clinical division and corporate performance, cash, capital and the development of the 'Back to Balance' plan.		
Summary of recommendations:	To note the financial results and Back to Balance action plan.		
Fit with WH strategy:	Delivering efficient, affordable and effective services. Meeting statutory duties.		
Reference to related / other documents:	Previous monthly finance report to the Trust Board. Operational Plan papers (Trust board : March, April and May 2014) Board Assurance Framework (Section 3)		
Reference to areas of risk and corporate risks on the Board Assurance Framework:			
Date paper completed:	28 August 2014		

Author name and title:		**Ursula Grueger Deputy Director of Finance**		**Director name and title:**		**Simon Wombwell, CFO**	
Date paper seen by EC		**Equality Impact Assessment complete?**	**n/a**	**Quality Impact Assessment complete?**	**n/a**	**Financial Impact Assessment complete?**	**n/a**

Executive Summary

The in-month position is a £989k deficit against a planned deficit of £102k, an adverse variance of £886k. The YTD position is a £3.7m deficit against a planned deficit of £1.1m, an adverse variance of £2.7m. The adverse variance is split approximately 50:50 between income underperformance and expenditure pressures. This is important in directing our efforts and solutions to address the challenge.

This position does not include an impairment that occurred this month as a result of the revaluation of the Trust Estate. The impairment was valued at £1.2m and it would have brought the in month deficit to £2.1m. However, such impaiments are excluded from break even duty of NHS Trusts.

This financial position represents a significant deviation from our plan and requires immediate corrective action to secure the planned break even at year end.

Income

The income position is £0.04m adverse in month and £0.8m adverse YTD. The result is a combination of income below plan (due to income plans being set at higher levels than the block contract value carried forward from quarter one) as well as activity underperformance against the NHSE specialised contract. In month 4 the income position is shown as being on a block contract although this may be retrospectively adjusted positively should it be confirmed the Trust is to move to a PbR contract in Q2.

Following the implementation of our activity reporting systems we have reviewed activity levels and income relative to contract values. This determined that the best course of action is to move from a block arrangement to PbR to reflect accurate levels of income our monthly position. Where possible the Trust is seeking to exploit other means of securing income such as taking on additional activity to support other Trusts in addressing thier RTT and capacity challenges. There is also a £1.4m available to the Trust in relation to our RTT challenge and a further £1.4m for winter resilience.

Expenditure

The expenditure position is £0.9m adverse in month and £1.9m adverse YTD. Though tighter controls and recruitment freezes are being implemented, this has not yet come through in the numbers. The actions are being continued and a detailed 'Back to Balance' plan with further spend reductions and CIPs is being developed. The major expenditure challenges manifest in the ICAM and SCD Divisions (see below)

As a result of the performance the EBITDA margin has reduced to 1.8% compared to the target of 5.8%. EBITDA stands for earnings before interest, taxation, depreciation and amortisation and is a measure of our ability to generate cash from our operations. It is vital to maintain a healthy cash balance to service our liabilities and finance the Trust's capital programme.

Cost Improvement Plans

The Trust has delivered year-to-date savings of £2.4m against a plan of £3.9m. There are plans to deliver £11.5m and 'Back to Balance' plans are being drawn up to deliver the gap of £3.5m ensuring that the full £15m target is achieved by the end of the financial year.

Cash

Cash decreased by £0.2m in the month to £2.3m. The Trust needs to ensure that the CIP plan is achieved and produces cash releasing savings and also that activity is efficiently collected and coded in order to ensure all activity is paid for. A short term PDC application is being prepared and we will repay this upon successful delivery of actions to close the current deficit position. We have begun discussions with the TDA and we do not anticipate any issues with securing short term PDC. The capital programme is on track.

Statement of Comprehensive Income

Description	Full Year	July			YTD		
	Budget (£'000)	Budget (£'000)	Actuals (£'000)	Variance (£'000)	Budget (£'000)	Actuals (£'000)	Variance (£'000)
NHS Clinical Income	246,459	20,567	20,248	(319)	82,153	81,014	(1,138)
Non-NHS Clinical Income	16,314	1,341	1,452	112	5,480	5,599	119
Other Non-Patient Income	25,919	2,152	2,323	171	8,545	8,806	261
Total Income	**288,692**	**24,060**	**24,023**	**(37)**	**96,178**	**95,420**	**(758)**
Non-Pay	69,589	6,806	6,148	658	23,534	23,479	56
Pay	205,766	17,400	17,497	(98)	69,801	70,196	(396)
Savings	(3,503)	(1,422)	0	(1,422)	(1,564)	0	(1,564)
Total Expenditure	**271,852**	**22,783**	**23,645**	**(862)**	**91,771**	**93,675**	**(1,904)**
EBITDA	**16,840**	**1,277**	**378**	**(899)**	**4,407**	**1,745**	**(2,662)**
EBITDA %	**5.83%**	**5.31%**	**1.58%**	**-3.73%**	**4.58%**	**1.83%**	**-2.75%**
Interest Payable	2,820	235	240	(5)	940	947	(8)
Interest Receivable	30	3	1	(1)	10	10	0
Depreciation	9,724	810	1,974	(1,164)	3,241	4,405	(1,164)
Dividends Payable	4,326	361	361	0	1,442	1,442	0
Net Surplus / (Deficit) - before adjusting for impairments, IFRS and donated assets (relevant for break-even duty	(0)	(126)	(2,195)	(2,068)	(1,206)	(5,039)	(3,833)
Add back impairments and adjust for IFRS & donated assets	285	24	1,206	1,182	95	1,367	1,272
Adjusted Net Surplus / (Deficit) - including Impairments due to Revaluation of Fixed Assets	285	(102)	(989)	(886)	(1,111)	(3,672)	(2,561)

Whittington Health Cost Improvement Programme Report - Month 4

	Annual	July				YTD				Forecast			
	Plan £'000	Plan £'000	Act £'000	% achieved	Var £'000	Plan £'000	Act £'000	% achieved	Var £'000	Plan £'000	Fcst £'000	% achieved	Var £'000
ICAM	1,768	131	24	18%	(107)	499	145	29%	(355)	1,768	1,726	98%	(42)
SCD	1,179	101	32	32%	(69)	376	128	34%	(248)	1,179	757	64%	(423)
WCF	1,299	96	49	51%	(47)	378	131	35%	(247)	1,299	799	62%	(500)
Corporate	1,519	122	175	144%	54	486	411	85%	(75)	1,519	1,516	100%	(3)
Total Divisional Schemes	**5,765**	**450**	**280**	**62%**	**(170)**	**1,739**	**814**	**47%**	**(925)**	**5,765**	**4,798**	**83%**	**(967)**
Productivity & Efficiency	5,347	447	(103)	(23%)	(550)	1,629	266	16%	(1,363)	5,347	3,201	60%	(2,146)
VIPs	3,388	128	0	0%	(128)	339	26	8%	(313)	3,388	1,676	49%	(1,712)
Total Productivity & Efficiency and Transformational Schemes	**8,735**	**575**	**(103)**	**(18%)**	**(678)**	**1,968**	**292**	**15%**	**(1,675)**	**8,735**	**4,877**	56%	(3,858)
Non Recurrent Benefits	500	42	42	100%	0	167	167	100%	0	500	500	100%	0
Non Recurrent Under Spend	0	0	393		393	0	1,089		1,089	0	1,325		1,325
Total Non Recurrent Items	**500**	**42**	**435**		**393**	**167**	**1,255**		**1,089**	**500**	**1,826**		**1,326**
Total delivery against planned schemes	**15,000**	**1,066**	**612**	**57%**	**(454)**	**3,874**	**2,362**	**61%**	**(1,512)**	**15,000**	**11,500**	**77%**	**(3,500)**
Unidentified Schemes	0	0	0		0	0	0		0	0	3,500		3,500
Trust Total	**15,000**	**1,066**	**612**	**57%**	**(454)**	**3,874**	**2,362**	**61%**	**(1,512)**	**15,000**	**15,000**	**100%**	**(0)**

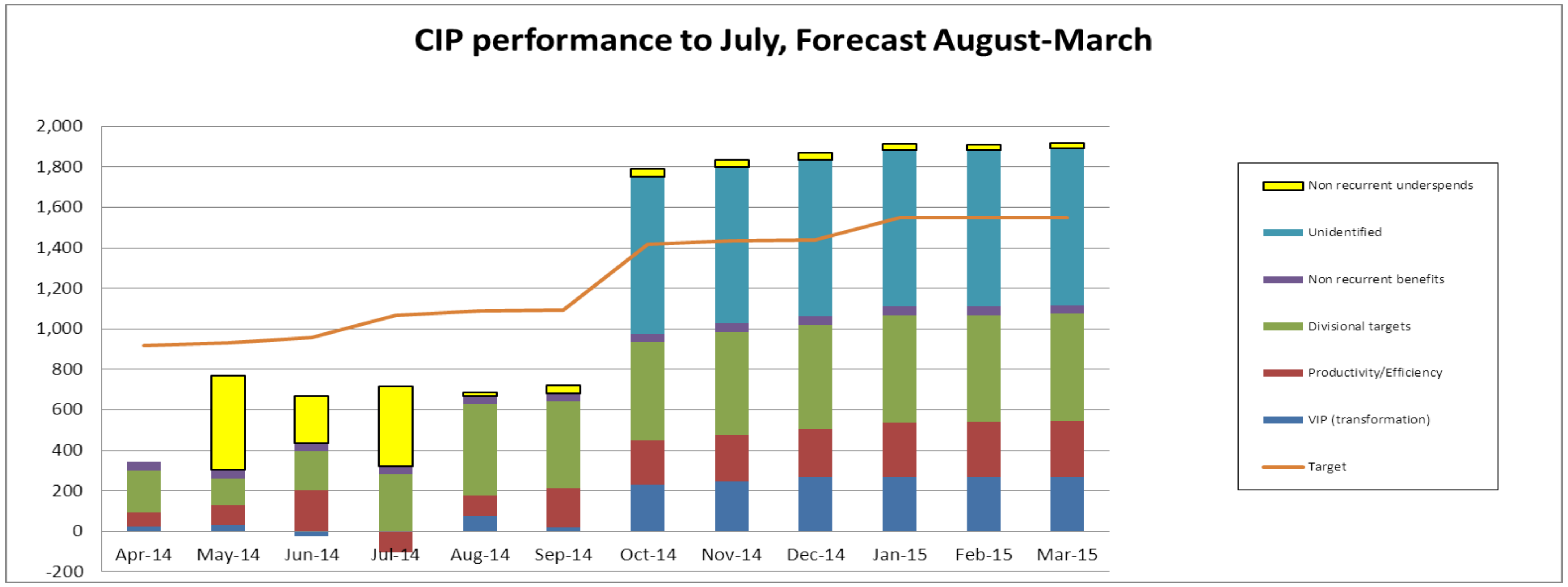
Month 4 CIP Summary

CIP under delivered in month.

In month 4 £0.6m (57%) CIP delivery was achieved compared to a plan of £1.1m. This includes the benefit of non recurrent underspends of £393k.

YTD delivery is £2.4m (61%) compared to a YTD target of £3.9m. This includes the benefit of non recurrent underspends of £1.1m.

The planned schemes are forecasting a delivery of £11.5m (76%) and the Trust is preparing 'Back to Balance' plans to bridge the £3.5m gap to deliver the full £15m target.



The divisional schemes are forecasting £4.8m delivery (83%) against the target of £5.8m.

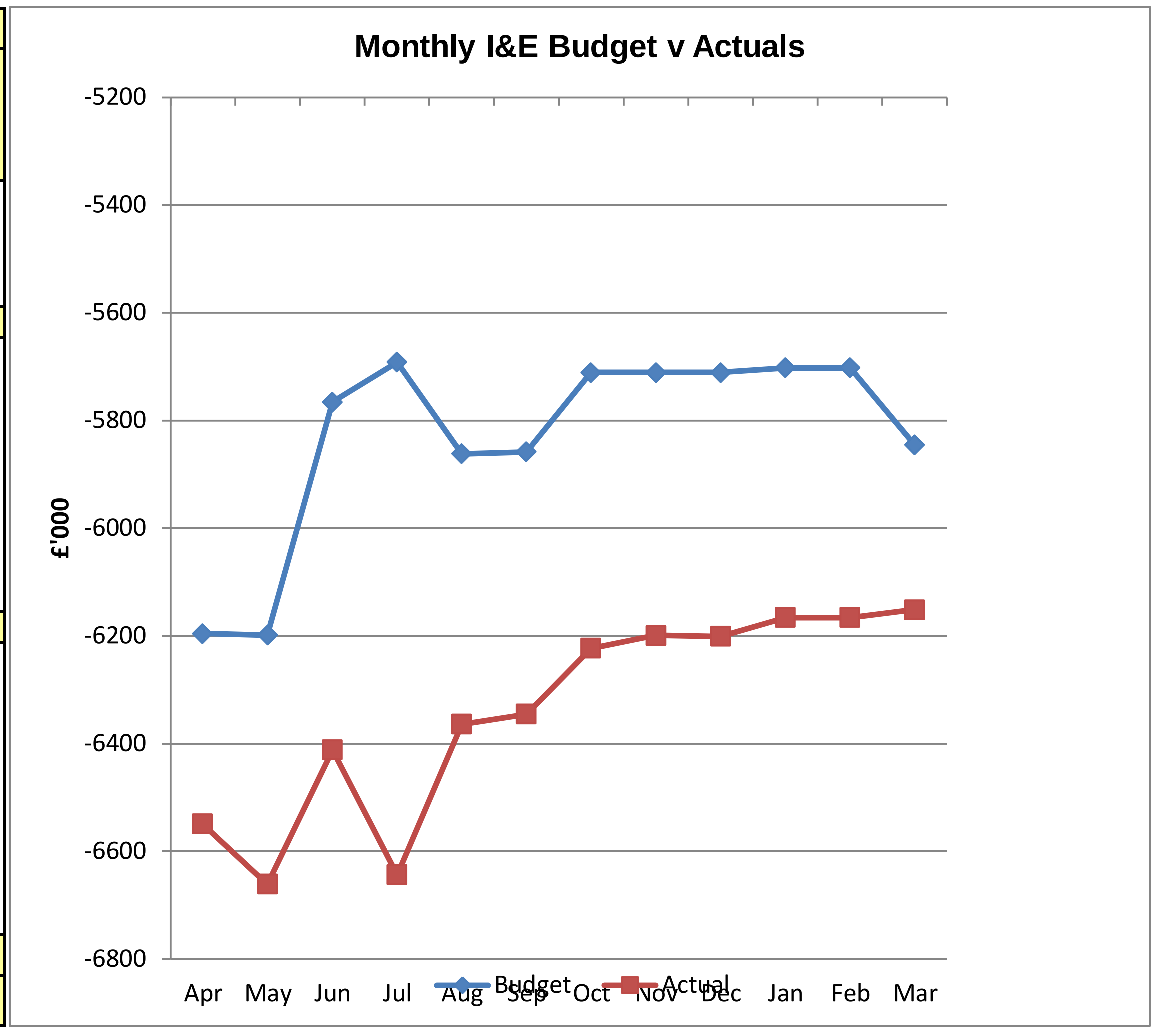
The productivity & efficiency schemes are forecasting £3.2m delivery (60%) against the target of £5.3m.

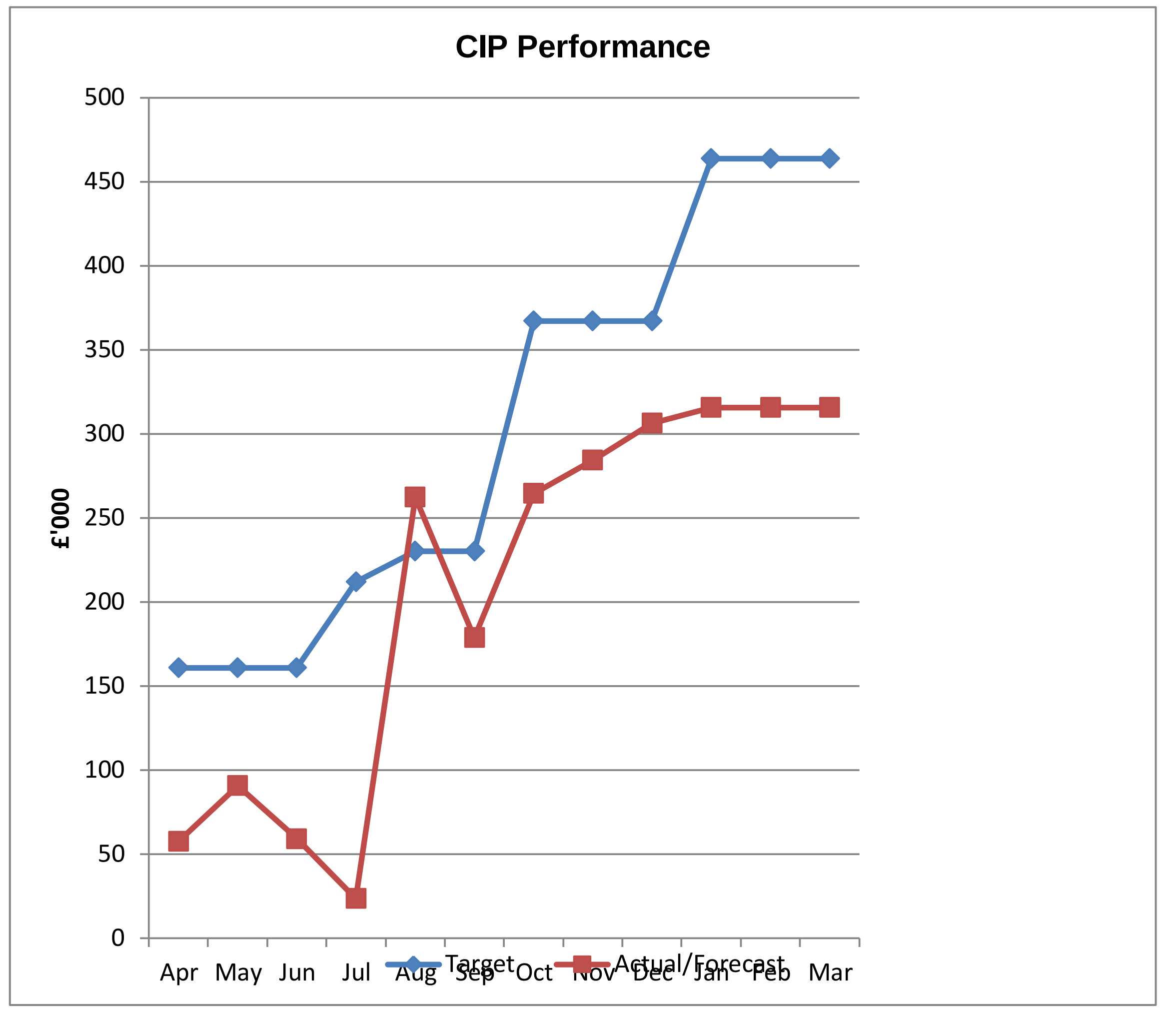
The VIP transformational schemes are forecasting £1.7m delivery (49%) against the target of £3.4m.

The £3.5m gap has been phased to deliver over the last six months of 14/15.

ICAM Divisional Position - Month 4 (July 14)

Income & Expenditure	Ann Plan £'000	In Month Plan £'000	In Month Act £'000	In Month Var £'000	Year To Date Plan £'000	Year To Date Act £'000	Year To Date Var £'000
NHS Clinical Income	7,674	840	767	(73)	2,558	3,176	618
Other Income For Pat Care	1,783	162	114	(48)	594	533	(61)
Other Non-Patient-Devolved	632	58	68	10	233	206	(27)
Income	10,089	1,060	949	(111)	3,385	3,915	530
Admin	5,243	437	498	(61)	1,776	1,953	(177)
Executive Board & Sen Mgmt	440	37	35	2	147	177	(31)
Medical	13,347	1,165	1,292	(127)	4,628	5,104	(476)
Nurses & Midwives	28,675	2,383	2,605	(222)	9,656	10,356	(700)
Other Support Workers	199	17	37	(20)	66	148	(81)
Scientific, There & Tech	16,934	1,418	1,530	(112)	5,678	6,083	(405)
Other	(2,506)	(111)	0	(111)	(579)	0	(579)
Pay	62,332	5,347	5,997	(649)	21,372	23,821	(2,449)
Establishment	458	38	61	(23)	152	184	(33)
Ext Cont Staffing & Cons	214	6	21	(15)	23	146	(123)
Healthcare From Non Nhs	548	46	56	(11)	183	26	156
Miscellaneous	362	31	94	(63)	121	216	(95)
Other	(253)	(21)	0	(21)	(84)	0	(84)
Premises & Fixed Plant	393	36	(19)	54	131	238	(107)
Supplies & Servs - Clin	15,622	1,239	1,319	(80)	5,215	5,388	(173)
Supplies & Servs - Gen	373	31	63	(32)	127	161	(34)
Non Pay	17,716	1,405	1,596	(191)	5,867	6,360	(493)
Income Less Direct Costs	(69,959)	(5,693)	(6,644)	(951)	(23,853)	(26,266)	(2,413)





Income and Expenditure Commentary

The budget position at month 4 is £951k adverse in month and £2,413k adverse YTD.

NHS Clinical Income is £73k adverse in month due to underperformance against PbR excluded drugs Additional income target has been devolved in month so that the full year target is now in line with contract plans. YTD the position is £618k favourable due to prison income recognised in month 1 (£0.5m) and additional CCG investments.

Other Income is £38k adverse in month and £88k adverse YTD due to lower than budgeted income for flexible trainees.

Pay is £649k adverse in month and £2,449k adverse YTD.

Nursing is £222k adverse in month and £700k YTD due to high agency spend within ED, District Nursing and in Acute Wards. This is high due to vacancies, specialing and high dependency patients on the wards.

Medical is £127k adverse in month and £476k adverse YTD. This is due to 4 x agency consultants within medical specialties covering vacancies, long term sick leave and maternity leave. In addition, agency spend on middle grade doctors in ED is higher than planned due to recruitment checks and high activity.

Unallocated CIP and VIP is leading to a £112k adverse variance in month and £405k adverse YTD.

Non-Pay - £191k adverse in month due to the allocation of M1-4 Pharmacy CIP target being devolved. £492k adverse YTD due to prison service continuing into month 1.

CIP Commentary

In month 4, the division delivered £23.5k against a plan of £123k. Year to date the division has delivered £212k against a plan of £369k.

In month schemes contributing adversely to the position:

ED Nursing - Agency spend remains high.

District Nursing - Cohort of nurses recruited to start in September and October.

Ward Nursing - Establishment review being adopted.

Unidentified - £122k of the YTD underperformance is due to unidentified CIPs.

VIP - ED twilight shift still in place due to high activity. Delivery of others schemes still in progress.

Divisional Actions

ED - 5 x middle grade doctors have a projected start date of November. 5 x middle grades due to start in August. Nursing vacancies set to be filled by trust wide nursing recruitment drives.

District Nursing - Phased recruitment plan in place to reduce agency spend. Cohort of newly qualified nurses starting in September. Weekly teleconference with Finance lead looking at spend (agency) & capacity (units)

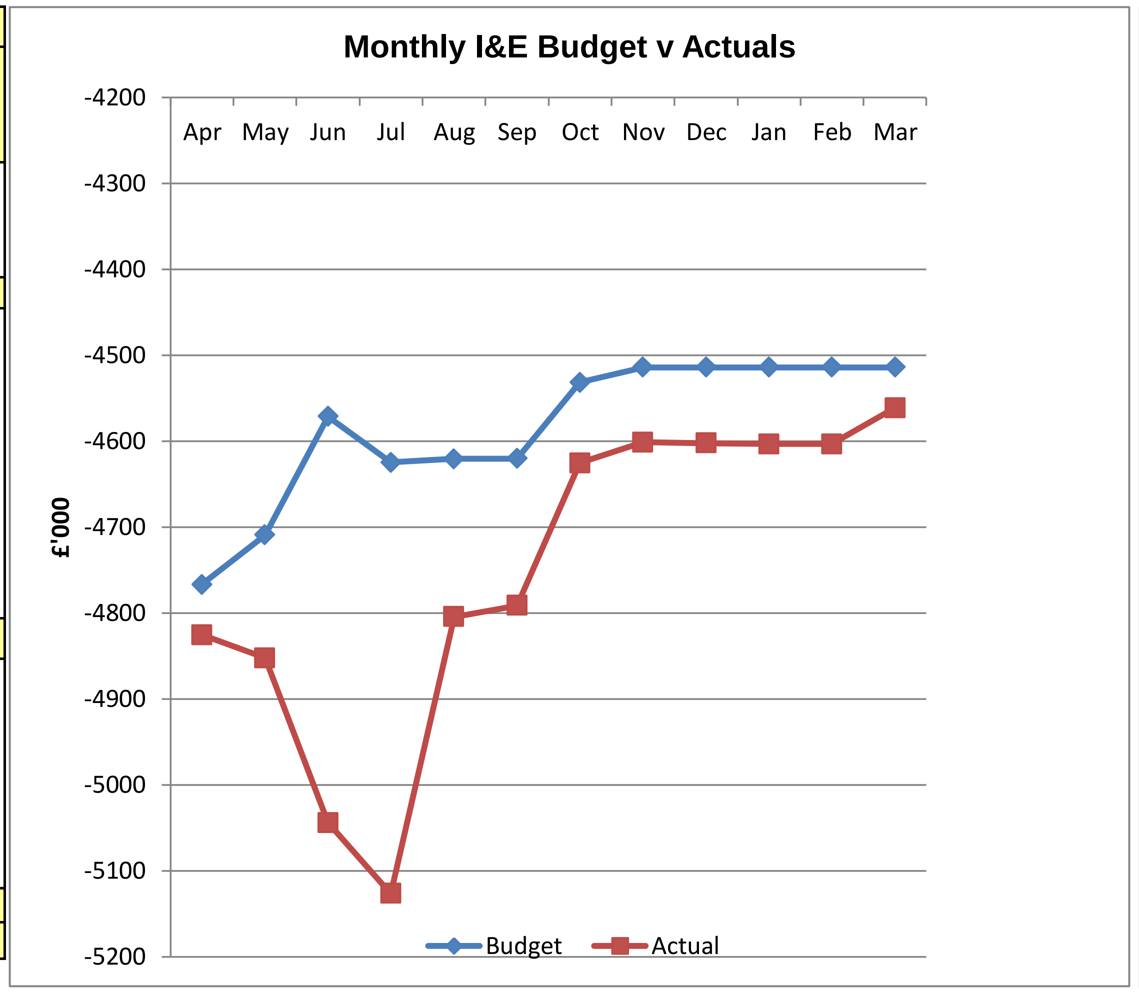
Ward Nursing - Corporate Nursing to look into required budget for specialing and what processes are required to control the spend. Trust wide recruitment drive expected to reduce run rate from September.

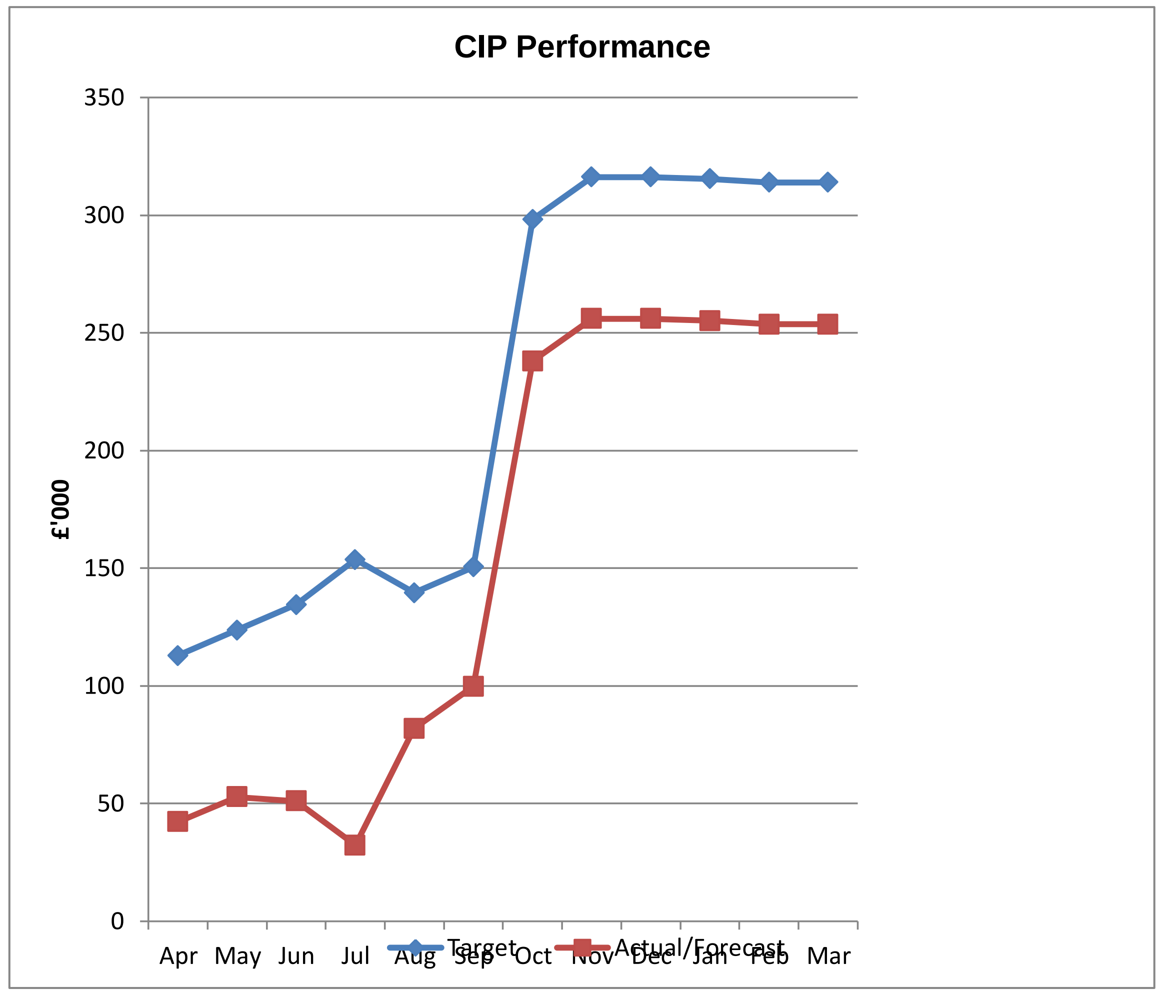
Consultant Agency - Recruitment plans being implemented.

Underachieved CIPs - Plans to bridge the gap.

SCD Divisional Position - Month 4 (July 14)

Income & Expenditure	Ann Plan £'000	In Month Plan £'000	In Month Act £'000	In Month Var £'000	Year To Date Plan £'000	Year To Date Act £'000	Year To Date Var £'000
NHS Clinical Income	787	66	79	14	262	346	84
Other Income For Pat Care	1,047	87	107	20	349	359	10
Other Non-Patient-Devolve	826	78	68	(10)	282	295	13
Income	2,660	231	255	24	894	1,001	107
Admin	4,066	361	456	(95)	1,445	1,694	(249)
Dental	2,344	195	193	3	781	785	(3)
Executive Board & Sen Mg	566	47	33	14	189	136	52
Medical	15,968	1,343	1,411	(68)	5,329	5,593	(264)
Nurses & Midwives	14,367	1,212	1,245	(33)	4,985	5,046	(61)
Other Support Workers	336	29	13	16	117	100	17
Scientific, Ther & Tech	8,293	691	735	(44)	2,766	2,865	(98)
Other	(783)	(69)	0	(69)	(238)	0	(238)
Pay	45,157	3,810	4,087	(277)	15,373	16,219	(846)
Establishment	279	23	54	(31)	93	149	(56)
Ext Cont Staffing & Cons	231	19	15	5	77	48	29
Miscellaneous	333	28	53	(25)	111	112	(1)
Premises & Fixed Plant	590	49	79	(30)	197	239	(41)
Supplies & Servs - Clin	10,555	882	1,044	(162)	3,530	3,918	(388)
Supplies & Servs - Gen	529	45	48	(4)	184	163	21
Non Pay	12,518	1,046	1,294	(248)	4,193	4,630	(437)
Income Less Direct Costs	(55,015)	(4,625)	(5,126)	(501)	(18,672)	(19,848)	(1,176)





Income and Expenditure Commentary

The position at month 4 is £502k adverse in month and £1.176k adverse YTD.

Income is £24k favourable in month and £107k favourable YTD driven by community urology and dental activity.

Pay is £277k adverse in month and £846k adverse YTD.

Medical staffing is £68k adverse in month and £264k adverse YTD driven by expensive locum consultant costs in orthopaedics and histopathology, agency junior doctors in oncology, ITU and anaesthetics and additional WLI payments in Imaging. An additional spinal surgeon is now in post for which there is no funding and however a business case has now been presented to TMG.

Admin and clerical is £95k adverse in month and £249k adverse YTD driven largely by the delayed implementation of TPE (bank admin) and high bank spend within Imaging.

Unallocated CIP and VIP is leading to a £69k adverse variance in month and £238k adverse YTD.

Non Pay is £248k adverse in month and £437k adverse YTD. This is largely due to increased costs within theatres and pathology on consumables such as orthopaedics, prosthetics and reagents.

CIP Commentary -

In month 4, the division delivered £32k against a plan of £154k. Year to date the division has delivered £178k against a plan of £525k.

In month schemes contribution adversely to the position:

Imaging - WLI payments plus bank & agency spend to cover vacancies remains high. Non pay continues to increase.

Pathology - Consultants in Histopathology have recently resigned and therefore the agency cost to cover vacancies will continue thus unachieving CIP. 2 staff are on sick leave increasing agency use.

Wards Non Pay - Additional beds in Victoria and Coyle have caused the non-pay to overspend and therefore CIPs were unachieved in M4. The YTD remains underspent.

Theatres schemes - Delays in recruitment of nurses and other HR issues along with high consumable spends

VIP - Transformation stretch target in Diagnostics and parts of Outpatient pathway target have been profiled from M1 which remains un-identified and therefore unachieved.

The stepped increase in CIP delivery from Sep to Oct reflects the closure of Victoria ward.

Divisional Actions

Imaging

- OOH is projected to reduce in the next 2 months through recruitment of permanent staff and better rota management.
- Non Pay will also reduce as soon as CT injectors scheme is approved by the Infection control committee.

Theatres

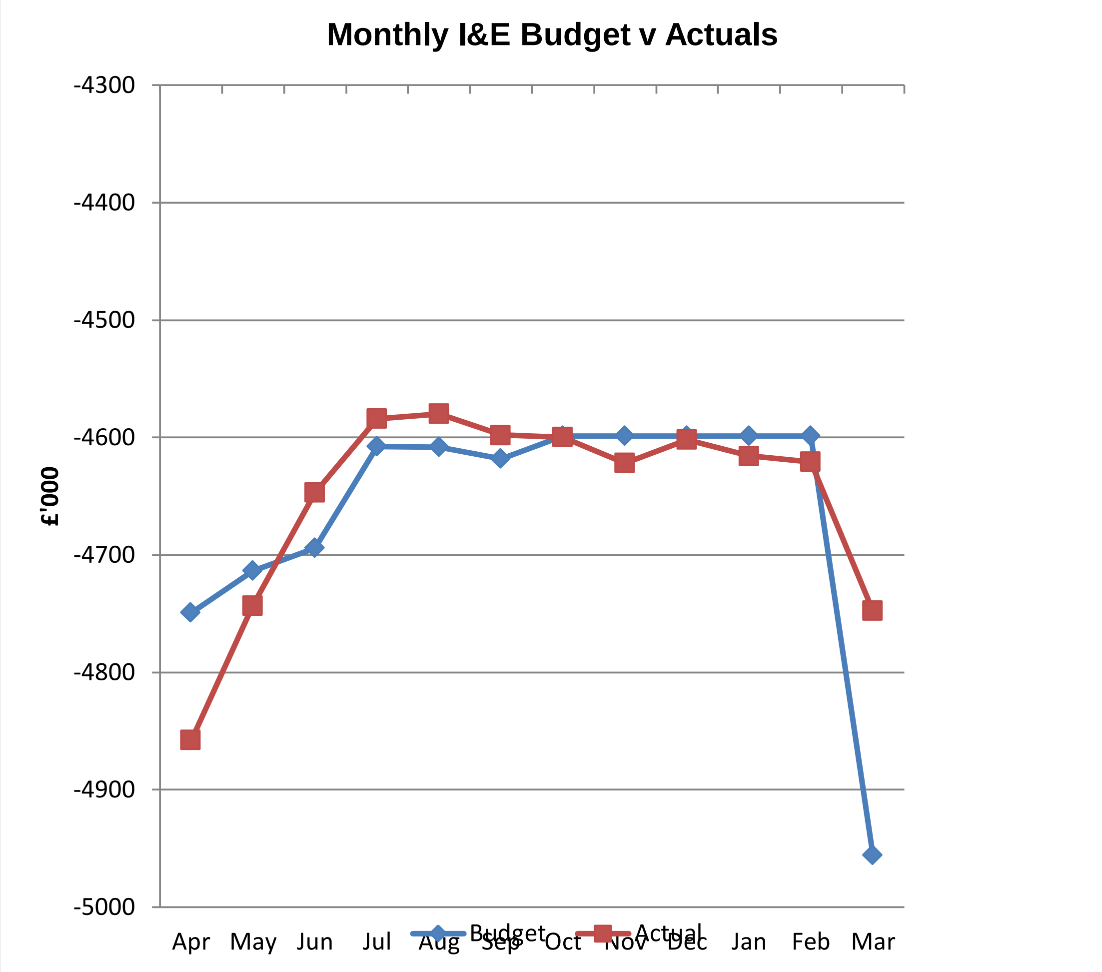
- Recruitment is in process to fill vacant post thus reducing the reliance on expensive temporary staffing. Majority of them are due to start next month.
- Non pay spends to be linked to activity, however the lack of materials management person is a concern. The post will need to be readvertised.

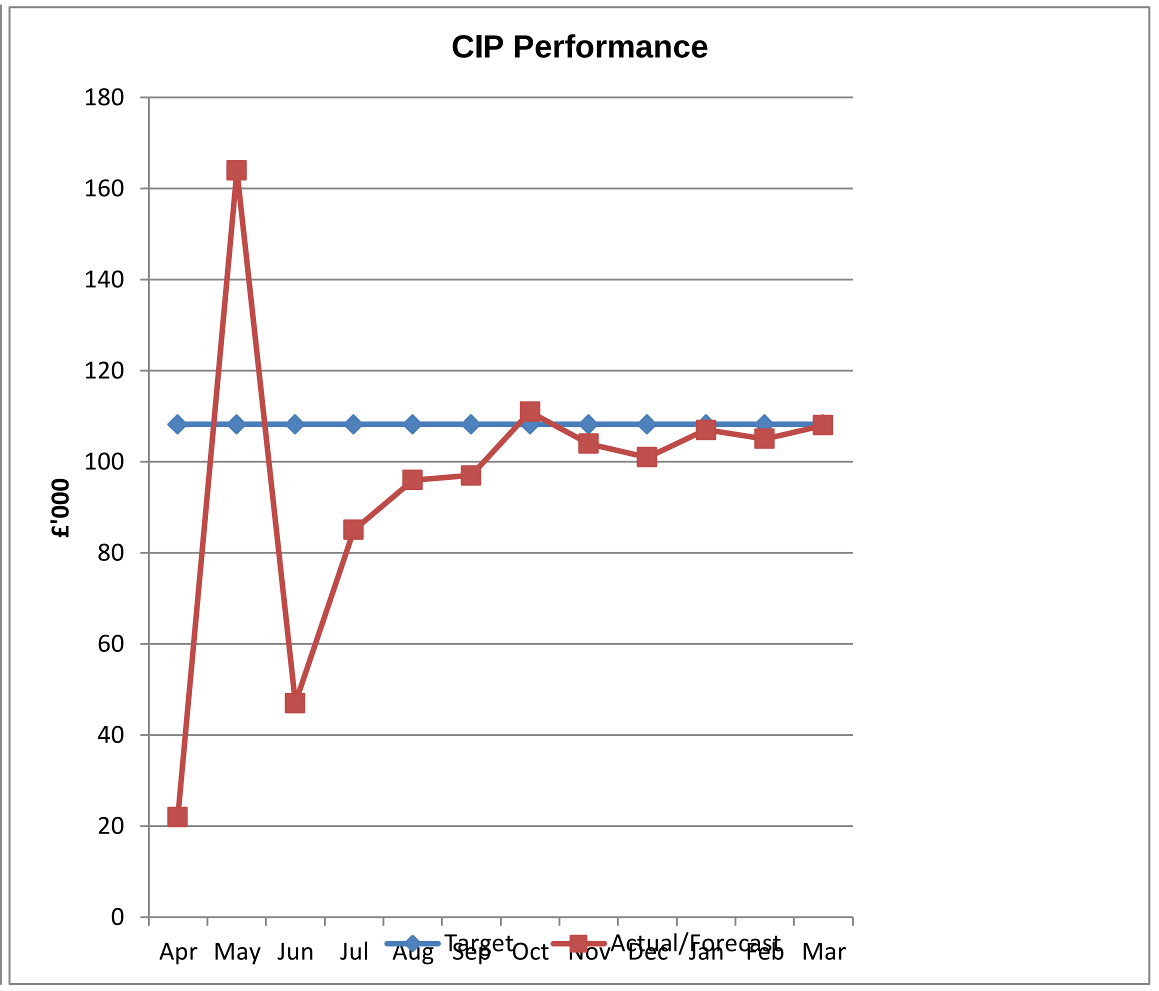
Operational admin improvements

- All transcription team members are scheduled to be placed in their new roles by October 2014. This should reduce the extra bank spends being incurred.

WCF Divisional Position - Month 4 (July 14)

Income & Expenditure	Ann Plan £'000	In Month Plan £'000	In Month Act £'000	In Month Var £'000	Year To Date Plan £'000	Year To Date Act £'000	Year To Date Var £'000
Nhs Clinical Income	1,116	141	163	22	372	400	28
Other Income For Pat Care	7,333	579	657	78	2,486	2,504	18
Other Non-Patient-Devolved	157	18	0	(18)	84	121	37
Other	0	0	2	2	0	14	14
Income	8,606	737	822	85	2,942	3,039	97
Admin	4,535	376	399	(23)	1,527	1,599	(73)
Executive Board & Sen Mgmt	735	61	47	14	245	195	50
Medical	11,234	944	934	9	3,783	3,831	(48)
Nurses & Midwives	30,723	2,583	2,539	44	10,484	10,299	185
Other Support Workers	39	3	11	(7)	13	42	(29)
Scientific, Therapy & Technology	13,227	1,116	1,110	6	4,438	4,448	(10)
Other	(265)	(31)	0	(31)	(127)	0	(127)
Pay	60,228	5,052	5,040	11	20,363	20,415	(52)
Establishment	481	40	65	(25)	161	223	(63)
Ext Cont Staffing & Cons	78	7	7	(0)	26	25	1
Miscellaneous	385	21	38	(17)	85	125	(40)
Other	0	0	0	0	0	0	0
Premises & Fixed Plant	525	44	28	15	175	184	(9)
Supplies & Servs - Clin	2,512	209	283	(73)	837	902	(65)
Supplies & Servs - Gen	346	29	29	(0)	115	80	35
Non Pay	4,328	349	450	(101)	1,400	1,541	(140)
Income Less Direct Costs	(55,950)	(4,664)	(4,668)	(5)	(18,820)	(18,916)	(96)





Income and Expenditure Commentary

The WCF position at month 4 is £5k adverse in month and £96k adverse YTD.

Patient Care Income is £78k favourable in month and £18k favourable YTD, due mainly to increasing GUM activity in June.

Other Income is £7k favourable in month and £79k favourable YTD driven by additional education and training and schools income.

Pay is £11k favourable in month and £52k adverse YTD.

Nursing is £44k favourable in month and £185k favourable YTD driven by vacancies against posts within community services (school nursing, children's community nursing and family nurse partnership) where new initiatives are starting up. These underspends will reduce as posts are recruited to. Midwifery is sensitive to activity levels. YTD there is an adverse variance of £85k against a challenging target and the in month position was £13k adverse.

Medical is £9k favourable in month and £48k adverse YTD driven junior doctor agency expenditure in both Obstetrics and Gynaecology and community paediatrics to cover vacancies and sickness respectively.

Non Pay is £101k adverse in month and £140k adverse YTD. The YTD position is driven by expenditure on professional services (£39k adv), estates costs and establishment expenses such as telephone and photocopying charges which require further investigation.

CIP Commentary

In month 4, the division delivered £85k against a plan of £108k. Year to date the division has delivered £317k against a plan of £432k. Of the £232k delivered YTD, £48k is recurrent and £188k is non-recurrent.

Most services have identified recurrent CIP however many of the schemes are due to start later in the year. To date the division has found non recurrent savings to cover most of the shortfall but it will be a challenge to maintain this in future months.

Obs and Gynae is an example of an area where it has been difficult to establish recurrent CIPs.

There are no VIP schemes to report on within WCF.

Divisional Actions

Agency reduction

Recruitment is underway to replace an interim service manager and other interim staff within Divisional Management, Audiology & NICU.

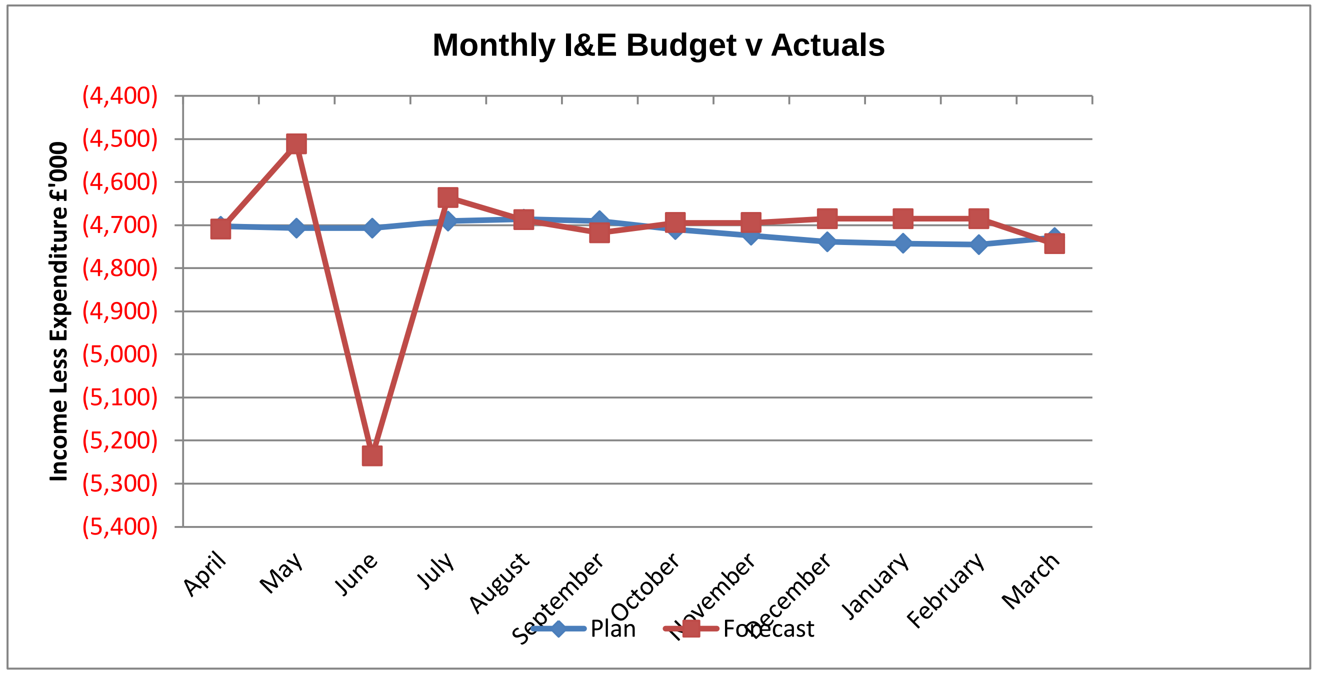
Offers have been made to health visitor students .

Obs and Gynae are recruiting two new junior doctors to fill gaps in the rota.

Recent recruitment into NICU has been successful which should result in a reduction in agency expenditure in the coming months.

Corporate Divisional Position - Month 4 (July 14)

Directorate	Annual Plan £'000	In Month Plan £'000	In Month Actuals £'000	In Month Var £'000	Year To Date Plan £'000	Year To Date Actuals £'000	Year To Date Var £'000
Ict	7,180	598	650	(52)	2,393	2,510	(117)
Trust Secretariat	1,339	112	159	(48)	446	637	(190)
Organisational Developme	2,517	213	254	(41)	861	1,017	(156)
Finance	4,052	340	361	(21)	1,347	1,492	(145)
Nursing & Patient Experier	9,507	804	807	(3)	3,078	3,083	(5)
Procurement	789	66	43	23	263	253	10
Chief Operating Officer	1,847	154	130	23	616	602	13
Medical Director	1,053	88	47	41	351	287	64
Facilities	28,314	2,328	2,168	160	9,463	9,197	266
Total	**56,598**	**4,702**	**4,620**	**82**	**18,818**	**19,078**	**(260)**



ICT Breakdown

Income & Expenditure	Annual Plan £'000	In Month Plan £'000	In Month Actuals £'000	In Month Var £'000	Year To Date Plan £'000	Year To Date Actuals £'000	Year To Date Var £'000
Income	22	2	2	(0)	7	9	2
Pay	3,754	313	344	(31)	1,251	1,275	(23)
Non-Pay	3,448	287	308	(20)	1,149	1,245	(95)
Total	**(7,180)**	**(598)**	**(650)**	**(52)**	**(2,393)**	**(2,510)**	**(117)**

Facilities Breakdown

Income & Expenditure	Annual Plan £'000	In Month Plan £'000	In Month Actuals £'000	In Month Var £'000	Year To Date Plan £'000	Year To Date Actuals £'000	Year To Date Var £'000
Income	2,061	172	194	22	687	731	44
Pay	11,483	957	864	93	3,828	3,468	360
Non-Pay	18,892	1,543	1,498	45	6,322	6,460	(138)
Total	**(28,314)**	**(2,328)**	**(2,168)**	**160**	**(9,463)**	**(9,197)**	**266**

Nursing & Patient Experience Breakdown

Income & Expenditure	Annual Plan £'000	In Month Plan £'000	In Month Actuals £'000	In Month Var £'000	Year To Date Plan £'000	Year To Date Actuals £'000	Year To Date Var £'000
Income	103	9	6	(2)	34	37	3
Pay	3,524	305	288	17	1,086	1,038	48
Non-Pay	6,085	507	525	(18)	2,026	2,083	(56)
Total	**(9,507)**	**(804)**	**(807)**	**(3)**	**(3,078)**	**(3,083)**	**(5)**

Commentary

The corporate position at month 4 is £82k adverse in month and £260k adverse YTD.

The forecast position at year end is due to improve but will remain marginally below plan.

Estates - Favourable position YTD driven through catering contracts and front of house transport.

ICT - Schedule of annual contracts agreed with directorate and adverse run rate to YTD position forecast to improve to year end.

Organisational Development - YTD adverse position driven by underperformance against Occupational Health income target, shortfall in funding against new apprentice posts, cost pressures relating CRB backlogs and mandatory training for bank staff and underperformance against staffing structure CIPs

Finance - YTD adverse position forecast to improve as agency staff are replaced with permanent staff.

Trust Secretariat – YTD adverse position driven by a number of high grade posts being covered with interim staff.

"Back to Balance" Plan 2014/15 **Surplus / (Deficit) in £000**

	Act Apr	Act May	Act Jun	Act Jul	Fcst Aug	Fcst Sep	Fcst Oct	Fcst Nov	Fcst Dec	Fcst Jan	Fcst Feb	Fcst Mar	Total
Raw Forecast	(597)	(928)	(1,319)	(1,485)	(1,151)	(1,120)	(820)	(817)	(788)	(773)	(778)	(862)	**(11,437)**
Theme 1 - Income													
Counting / Coding Improvements													
Work to support capacity in other Trusts													
Additional Incentive Income													
Total					1,214	771	800	629	729	729	729	729	**6,330**
Theme 2 - Workforce Productivity													
New ways of working													
Technology													
Benchmarking against other organisations													
Total					(38)	(53)	126	125	373	544	545	559	**2,182**
Theme 3 - Tighter Controls and Non Pay													
Vacancy Scrutiny Panel													
Procurement Savings													
Total					0	0	233	233	208	375	375	375	**1,800**
Theme 4 - Staff Innovation Ideas													
Estates Revaluation													
Staff Innovation													
Discretionary Spend Review													
Total					88	71	67	65	112	116	111	112	**741**
Actuals to Forecast Variance				496									**496**
New Forecast	**(597)**	**(928)**	**(1,319)**	**(989)**	**113**	**(331)**	**406**	**235**	**634**	**992**	**982**	**913**	**111**

Commentary

The starting point of the above plan was the month 3 'raw forecast' - a forward projection of the Month 3/June 2014 YTD deficit. This would leave the Trust in a deficit position of £11.4m if no further action was taken.

Following this, the clinical divisions reviewed what actions they could take to mitigate this position. This was reviewed by the Executive Team in the quarterly performance reviews on 20 August 2014.

In parallel, the Executive Team is working on a number of additional actions that would need to be taken to get the trust back to the required break even position. Whilst immediate action is in place a number of the schemes above are subject to further work and agreement with other parties.

The above actions are summarised in the themes listed in the table above. Weekly review meetings are being set up to manage and monitor this challenging programme.

Note: The key risks in delivering the above relate to delivering improvements in data quality (income), maintaining tight control and discipline through the whole organisation. This also assumes that activity demand and acuity remain in line with plan e.g. a challenging winter period would increase risk of delivery.

Statement of Financial Position

	As at 1st April 2014 £000	As at 31st July 2014 £000	Plan 31st March 2015 £000
Non Current Assets			
Property, plant and equipment	179,975	182,815	180,105
Intangible assets	5,428	4,941	4,295
Trade and other receivables	702	851	610
Total Non Current Assets	**186,105**	**188,607**	**185,010**
Current Assets			
Inventories	1,295	1,393	1,290
Trade and other receivables	17,527	16,906	6,930
Cash and cash equivalents	5,123	2,347	3,976
Total Current Assets	**23,945**	**20,646**	**12,196**
Total Assets	**210,050**	**209,253**	**197,206**
Current Liabilities (amounts due in less than one year)			
Trade and other payables	36,010	36,217	27,154
Borrowings	1,377	1,377	2,542
Provisions	1,238	598	198
Total Current Liabilities	**38,625**	**38,192**	**29,894**
Net Current Assets (Liabilities)	**(14,680)**	**(17,546)**	**(17,698)**
Total Assets less Current Liabilities	**200,785**	**206,153**	**202,708**
Non Current Liabilities (amounts due greater than one year)			
Borrowings	36,758	36,198	34,028
Provisions	2,015	1,914	2,190
Total Non Current Liabilities	**38,773**	**38,112**	**36,218**
Total Assets Employed	**132,652**	**132,949**	**131,094**
Taxpayers' Equity			
Public dividend capital	56,461	56,461	56,671
Retained earnings	15,277	10,324	18,918
Revaluation reserve	60,914	66,164	55,505
Total Taxpayers' Equity	**132,652**	**132,949**	**131,094**
Capital cost absorption rate	**3.5%**	**3.5%**	**3.5%**

Commentary

The revaluation of land and buildings at 30 June was reflected in month. There was a net upward revaluation, increasing both property, plant & equipment and the revaluation reserve.

There were impairments within the net upward revaluation, including £1.2m charged to retained earnings, which are excluded from the breakeven duty. A further revaluation is expected at the year end, which cannot yet be quantified.

Cash is subject to various risks, mainly involving receivables and payables. It is also essential to manage our payables and receivables as efficiently as possible in order to manage our cashflow.

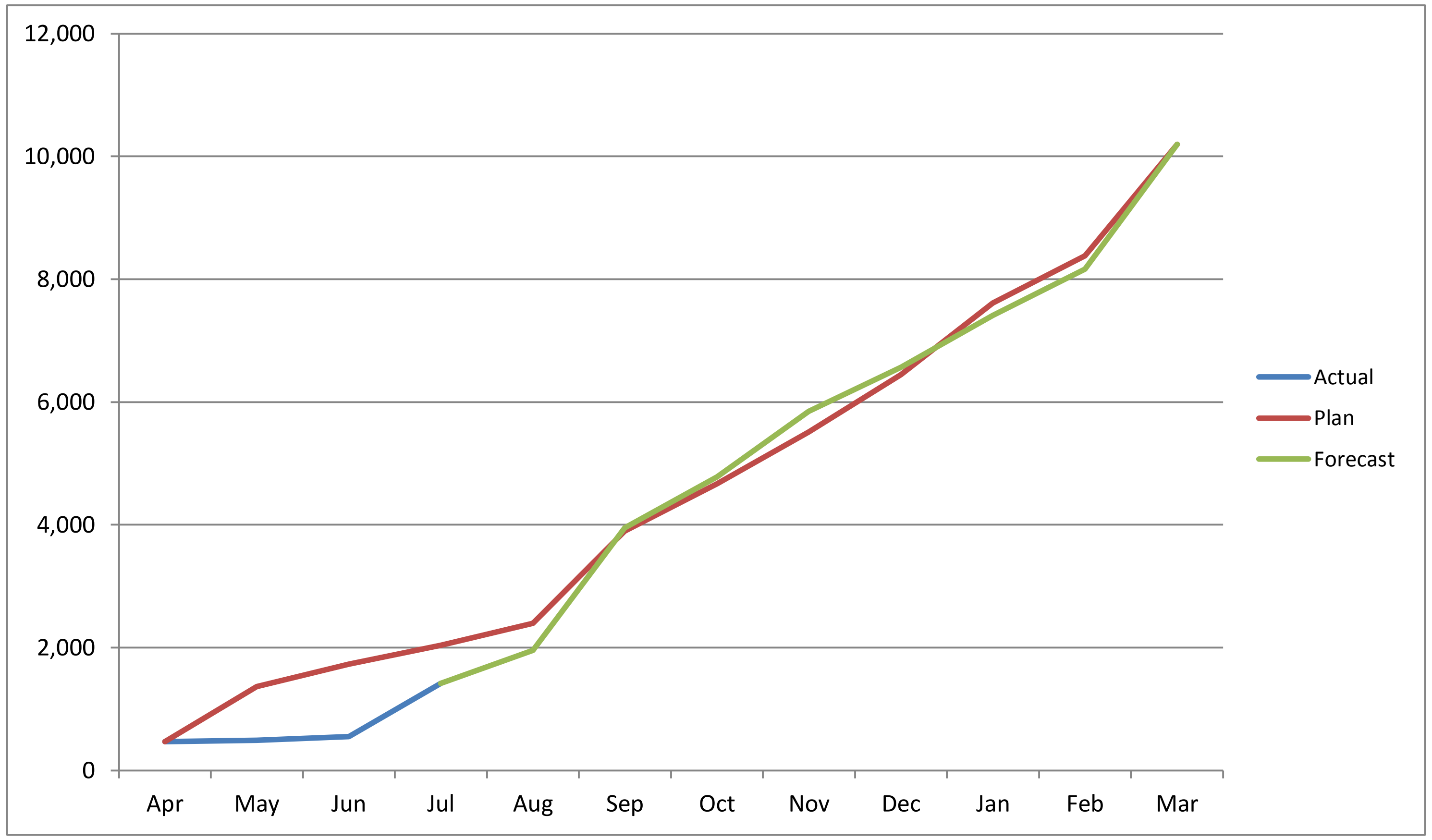
Both cash and retained earnings are heavily dependent upon the CIP delivery, which is vital to achievement of the forecasts.

Capital Spend Performance and Forecast

	Annual Plan £'000	Current Month Plan £'000	Current Month Act £'000	Current Month Var £'000	YTD Plan £'000	YTD Act £'000	YTD Var £'000	Forecast Outturn Plan £'000	Forecast Outturn Forecast £'000	Forecast Outturn Var £'000
Estates	5,618	175	159	16	640	679	-39	5,618	5,618	-
IT	810	50	31	19	50	31	19	810	810	-
Equipment	1,514	75	1	74	763	29	734	1,514	1,514	-
Business Case	336	-		0	-	-	0	336	336	-
Leases	1,922	-	681	-681	582	681	-99	1,922	1,922	-
Total	**10,200**	**300**	**872**	**-572**	**2,035**	**1,420**	**615**	**10,200**	**10,200**	**-**

CRL	10,200
Variance	0

Spend against Capital Programme



Commentary

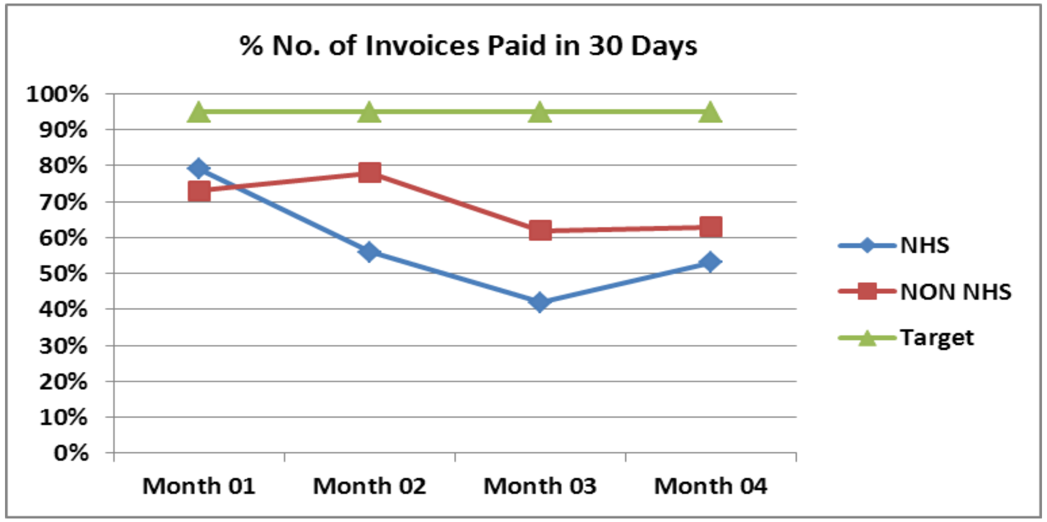
- The Capital Accountant meets regularly with project managers and monthly at the Capital Monitoring Group to report progress against plan.

- The current month leases variance of £681k is due to the installation of the MRI scanner and Ultrasound. The year to date variance of £99k is due to the fact that the original installation was meant to take place in 2013/14, and was not included in the 2014/15 plan.

- Purchase of Equipment has been delayed until the later half of the year.

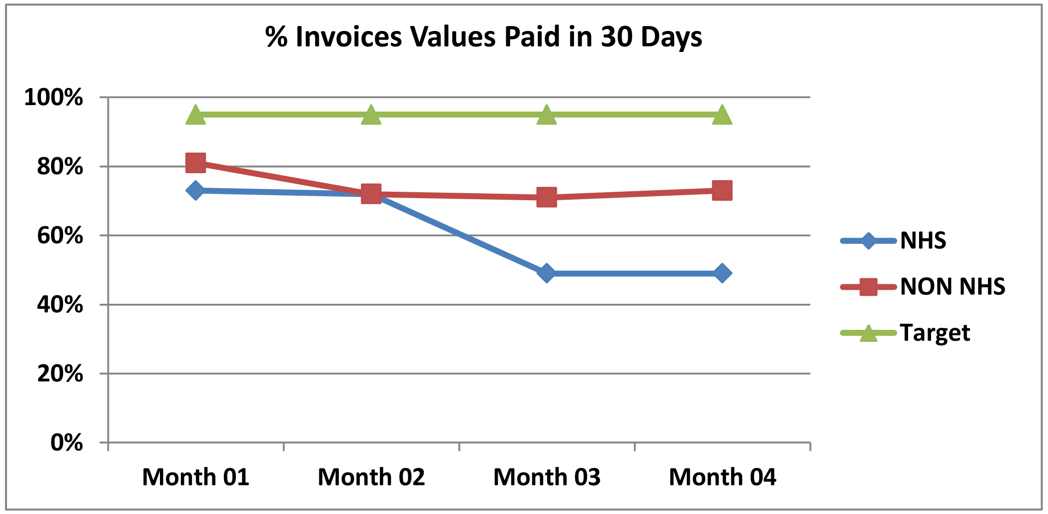
- The Trust is expecting to spend up to its Capital Resource Limit (CRL).

Best Practice Payment Code



Commentary
The Trust is currently falling short against its requirement of paying 95% of invoices within 30 days.

The decrease in performance from June is due to active management of working capital and will continue through the year.



Continuity of Services Risk Rating

Metric	Defintion	Parameters 1	2	3	4	Actual YTD	Plan Outturn
Working Capital Balance (£'000) (+/-)						(18,939)	(18,988)
Annual Operating Expenses (£'000) (+)						93,831	271,133
Liquidity Ratio (Days)						(24)	(25)
Liquidity Rating	Working Capital Balance x 360 / Annual Operating Expenses	**<-14**	**-14**	**-7**	**0**	**1**	**1**
Revenue Available for Debt Service (£'000) (+)						1,755	16,786
Annual Debt Service (£'000) (+)						3,532	10,358
Capital Servicing Capacity (Times)						0.5	1.6
Capital Servicing Capacity Rating	Revenue Available for Debt Service / Annual Debt Service	**<1.25**	**1.25**	**1.75**	**2.50**	**1**	**2**
Weighted:							
Liquidity Rating - 50%						**0.5**	**0.5**
Capital Servicing Capacity Rating - 50%						**0.5**	**1.0**
Overall Continuity of Services Risk Rating						**1**	**2**

The Continuity of Services Rating (COS-R) represents the financial risk rating used by Monitor, where a score of "one" highlights an organisation as "high risk". The table shows that WH is in this high risk category

Whilst this demonstrates the need for improvement this should be assessed in light of two key factors. Firstly, our current financial performance is materially below plan and supports an assessment of high risk. Secondly, a strong COS-R performance relies upon a strong working capital position and our balance sheet has been recognised as, historically, weak. We therefore find ourselves at a disadvantage under this measure, for example, compared to FTs that have high cash balances from previous land and property sales even though they may also report an in year deficit.