

UNIVERSITY HOSPITALS BIRMINGHAM NHS FOUNDATION TRUST
BOARD OF DIRECTORS
THURSDAY 25 JULY 2019

Title:	FINANCE AND ACTIVITY REPORT FOR THE PERIOD ENDING 30 JUNE 2019
Responsible Director:	Mike Sexton, Chief Financial Officer
Contact:	Julian Miller, Director of Finance, ext. 17374

Purpose:	To present to the Board with an update on the Trust's finance and activity performance report for the period ending 30 June 2019 (Month 3 2019/20)
Confidentiality Level & Reason:	N/A
Annual Plan Ref:	Maintaining effective day-to-day operational and financial performance.
Key Issues Summary:	<ul style="list-style-type: none"> • The Trust's planned adjusted financial performance for 2019/20 is a (£36.2m) deficit excluding central funding. • Including central funding, the Trust's planned adjusted financial performance for 2019/20 is breakeven. • The actual deficit year to date (including central funding) is (£8.1m) against a planned deficit of (£8.9m). • The favourable variance relates to a further £0.9m allocation of 2018/19 Provider Sustainability Funding (PSF) which must be shown as a gain in the 2019/20 accounts. • The Trust's cash balance was £21.6m at the end of June 2019, which is below the plan of £55.7m.
Recommendations:	The Board of Directors is requested to receive the contents of this report.

Signed:	Mike Sexton	Date: 17 July 2019
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UNIVERSITY HOSPITALS BIRMINGHAM NHS FOUNDATION TRUST

BOARD OF DIRECTORS THURSDAY 25 JULY 2019

FINANCE AND ACTIVITY REPORT FOR THE PERIOD ENDING 30 JUNE 2019

PRESENTED BY THE CHIEF FINANCIAL OFFICER

1. Introduction

This report covers the first quarter of the 2019/20 financial year from April 2019 to June 2019. The report summarises the Trust's combined financial performance and includes information on healthcare activity, expenditure variances and Cost Improvement Plan (CIP) delivery.

The final 2019/20 financial plan was approved by the Board of Directors on 22 May 2019 and submitted to NHS England and NHS Improvement (NHSE&I). The Trust is planning for an overall breakeven income and expenditure position as follows:

Table 1: 2019/20 Annual Plan

	Plan £m
Surplus / (Deficit) For the Year	(0.0)
Exclude central funding (PSF/FRF/ MRET)	(36.2)
Exclude capital donations, grants and other	(0.0)
Adjusted Financial Plan excl. Central funding	(36.2)
Control Total	(36.2)

The Trust has reported a deficit (£8.1m) at the end of June 2019 (Month 3) which is £0.8m better than the (£8.9m) deficit planned for quarter 1. The improvement relates to a late additional allocation of central Provider Sustainability Funding (PSF) for the last financial year. This additional distribution of £943,000, was notified in July, after the 2018/19 accounts were closed. This needs to be shown in the Trust's 2019/20 accounts, therefore instead of delivering breakeven, the Trust must now deliver a £0.9m surplus (including all central funding).

Other factors contributing to the current position include:

- Under delivery against CIP targets for the year to date (£4.1m) and
- Other divisional pressures including medical pay (including agency), nurse bank expenditure and shortfalls in other income.

These operational pressures have been mitigated by the use of recurrent reserves but also the recognition of one-off gains and provisions. To ensure the Trust continues to receive the planned central Provider Sustainability and Financial Recovery Funding (PSF and FRF), actions need to be taken to improve the underlying run rate including CIP delivery.

The Trust's cash balance at the end of June 2019 was £21.6m against the planned position of £55.7m.

2. Income & Expenditure

2.1 Summary Position

The Trust's income and expenditure position at the end of June is an (£8.1m) deficit which is on plan for the year to date. Although the annual plan is breakeven, the phasing of the Trust's monthly planned surplus or deficit is not equal due to the following:

- Phasing of elements of the central funding (PSF, FRF) which are weighted towards the second half of the year.
- Receipt of additional 2018/19 PSF of £0.9m in June requiring the Trust to deliver £0.9m better than the original plan for the year (see revised trajectory in Table 2 below).
- Non-consolidated pay award costs incurred in April (Month 1).
- Delivery of the stretch CIP target of £14.0m in quarter 4.

Table 2: Trust Income and Expenditure position

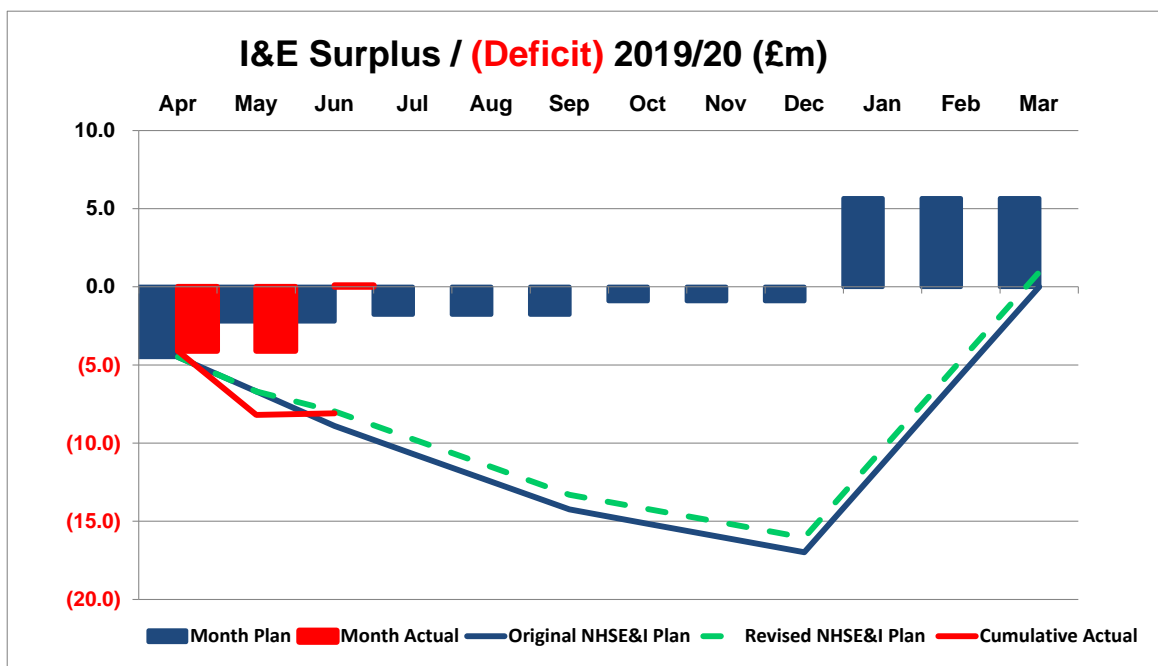


Table 3 below summarises the Trust's Income and Expenditure position for the period ended June 2019. Analysis of income is included in section 2.2 and operating expenditure variances are detailed in section 2.3 below.

Table 3: YTD Income and Expenditure against Plan

Consolidated Summarised Income and Expenditure - Group			
	YTD Plan	YTD Actual	YTD Variance
	Jun-19	Jun-19	Jun-19
	£m	£m	£m
Operating Income	416.4	413.7	(2.7)
Operating Expenditure	(410.5)	(406.4)	4.1
EBITDA	5.9	7.3	1.4
Depreciation	(9.1)	(9.2)	(0.1)
Interest Receivable	0.2	0.1	(0.1)
Interest Payable	(6.0)	(6.0)	0.0
PDC Dividends	(0.4)	(0.4)	0.0
Gains / (losses) on Disposals	0.0	(0.1)	(0.1)
Corporation Tax	0.0	0.0	0.0
Donated / Granted Income	0.5	0.2	(0.3)
Trust Surplus / Deficit	(8.9)	(8.1)	0.8

Note - may include rounding differences

2.2 Income Analysis

2.2.1 Operating Income

Total operating revenue is (£2.7m) below the year to date plan;

Table 4: Income against Plan

Group	YTD Plan	YTD Actual	YTD Variance
	Jun-19	Jun-19	Jun-19
	£m	£m	£m
INCOME			
Clinical - NHS	366.0	363.9	(2.1)
Clinical - Non NHS	3.3	3.8	0.5
Other	47.1	46.0	(1.1)
Total Income	416.4	413.7	(2.7)

Note - may include rounding differences

NHS clinical revenues are (£2.1m) adverse to plan, primarily due to lower than planned Excluded Drug and Device (EDD) income (£1.4m). The over performance against non-EDD activity shown in Table 5 (for months 1-2) below is not currently recognised in the position.

Non-NHS clinical income is £0.5m above plan due to private patient and overseas visitors. Other non-clinical income is (£1.1m) below plan due to shortfalls in SLA, charitable and other income.

2.2.2 Healthcare Related Income

The Trust's actual healthcare income and activity performance for Month 1-2 (April-May 2019) is shown below compared to an equally phased plan.

Table 5: Healthcare Income by Point of Delivery

Income Type	Trustwide		
	Plan £'000	Actual £'000	Variance £'000
Accident and Emergency (Attendances)	9,777	9,603	(174)
Inpatients - Scheduled Care (Spells)	34,037	33,419	(618)
Inpatients - Unscheduled Care (Spells)	69,514	69,618	104
Outpatients (Attendances & Procedures)	32,130	31,503	(627)
Other (Direct Access / Various)	36,314	38,369	2,055
Total Healthcare Income	181,773	182,512	739
Block /Cost Per Case Drugs & Devices	65,274	63,841	(1,433)
Total Healthcare Income	247,047	246,353	(694)

Healthcare income is £0.7m above the 2019/20 plan for the period ending May before block contracts and cost per case drugs and devices. Other income is £2.0m above plan driven by ITU £0.6m, Renal Dialysis £0.9m and Bone Marrow Transplants £0.2m.

Table 6 below shows the equally phased planned and actual activity levels.

Table 6: Healthcare Activity Units

Activity Type	Trustwide		
	Plan	Actual	Variance
Accident and Emergency (Attendances)	71,314	69,234	(2,080)
Inpatients - Scheduled Care (Spells)	27,158	27,282	125
Inpatients - Unscheduled Care (Spells)	32,982	32,168	(814)
Outpatients (Attendances & Procedures)	278,292	271,911	(6,381)
Other (Direct Access / Various)	1,540,332	1,571,655	31,323

**Excludes Excess bed day activity*

Table 6 shows that activity is below plan across most points of delivery for the period to 31 May, based on an equally phased plan. However A&E activity is 2% higher than the same period in 2018/19 with the 2019/20 plan including 5% growth uplift. Scheduled Care activity is marginally above plan although within this both Vascular (14%) and Urology (10%) are below plan.

Other activity is above plan for the period to May predominantly as a result of increased Direct Access activity 2%, Renal Dialysis 5%, ITU 3% and Bone Marrow Transplants 26%.

Appendix A contains a detailed split of healthcare income and patient activity. The tables below show activity by the main points of delivery for scheduled, unscheduled and outpatient activity.

Table 6.1: Trust Scheduled Care Activity

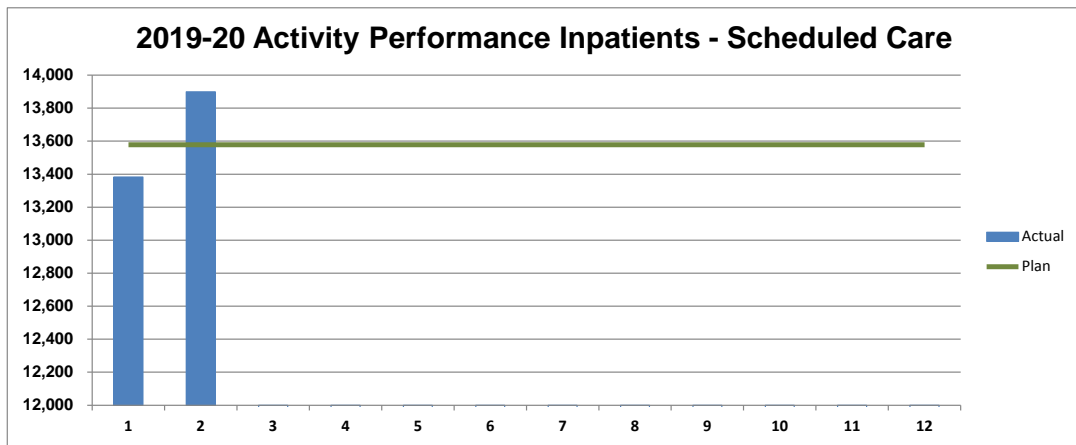


Table 6.2: Trust Inpatient Activity – Unscheduled Care

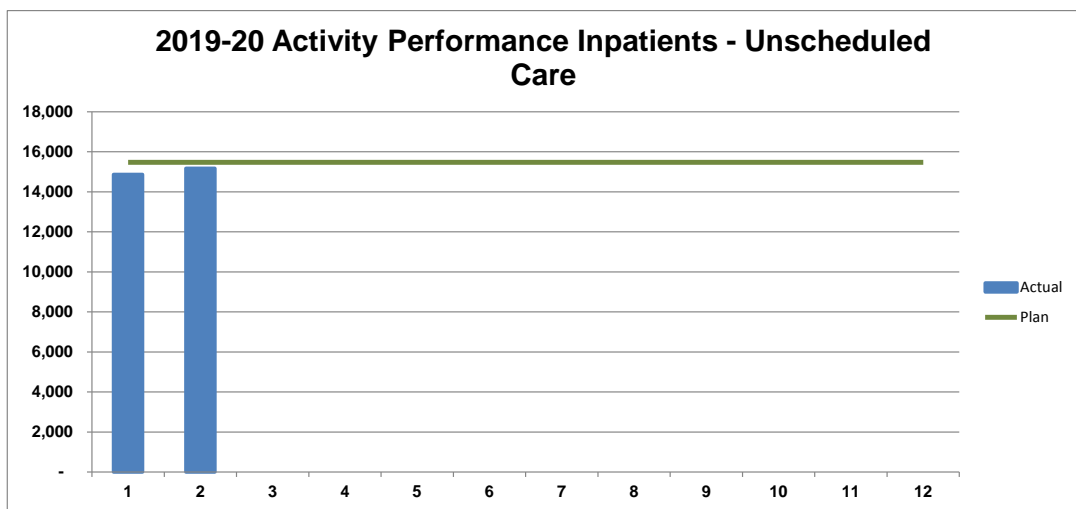
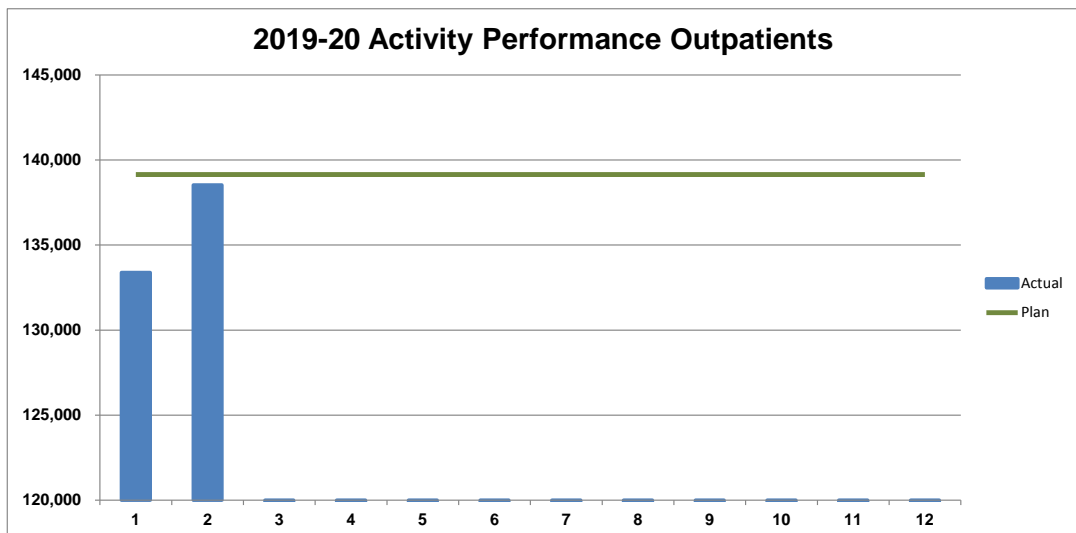


Table 6.3: Trust Outpatient Activity



2.3 Operating Expenditure Analysis

The Trust's expenditure shows a favourable variance of £4.1m for the year to date. This includes a pay overspend of (£3.0m).

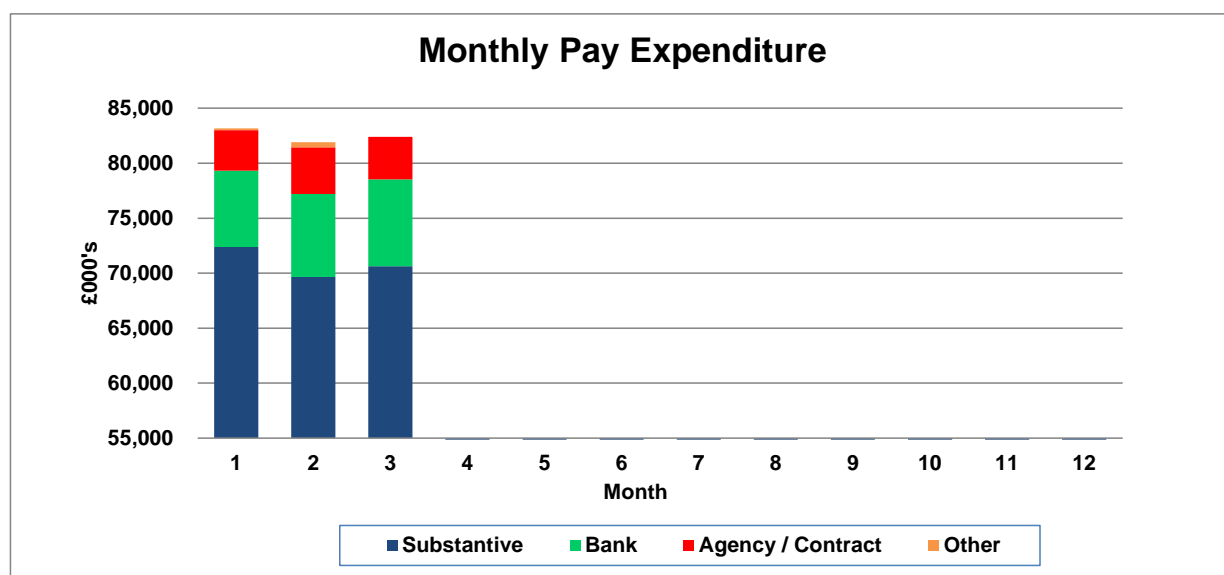
Table 7: Year to Date Operating Expenditure

Group	YTD Plan Jun-19 £m	YTD Actual Jun-19 £m	YTD Variance Jun-19 £m
PAY			
Medical Staff	74.2	74.5	(0.3)
Nursing incl HCAs	94.7	95.7	(1.0)
Other Staff (incl. AHPs, Sci. & Admin.)	73.9	75.6	(1.7)
Apprentice Levy	1.0	1.0	0.0
Total Pay	243.8	246.8	(3.0)
NON PAY			
Drugs	61.5	58.1	3.4
Clinical Supplies & Services	46.9	46.5	0.4
Other / Non-Pay Reserves	58.3	55.0	3.3
Total Non Pay	166.7	159.6	7.1
GRAND TOTAL	410.5	406.4	4.1

Further analysis of the pay expenditure is set out below.

2.4 Pay Analysis

Table 8: Pay Expenditure by Type



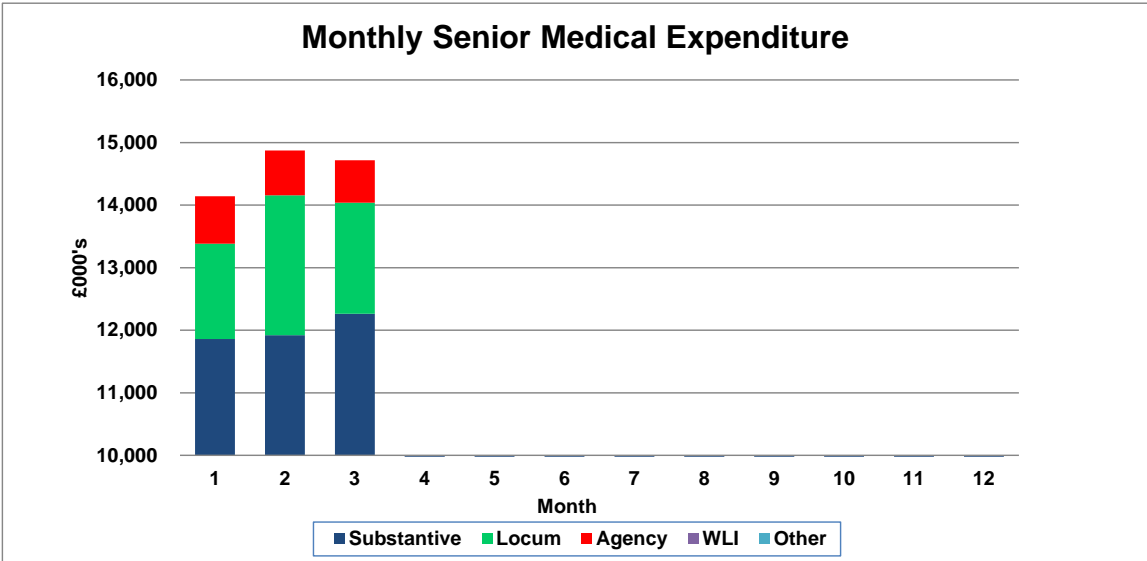
The Trust's year to date pay expenditure totals £246.8m, including June pay expenditure of £82.4m. Year to date agency expenditure is £11.8m and year to date bank expenditure is £22.4m.

2.4.1 Medical Staffing

Year to date medical staff expenditure is £74.5m including £43.7m on Consultants and £30.8m on non-consultant medical staff. Expenditure for Senior

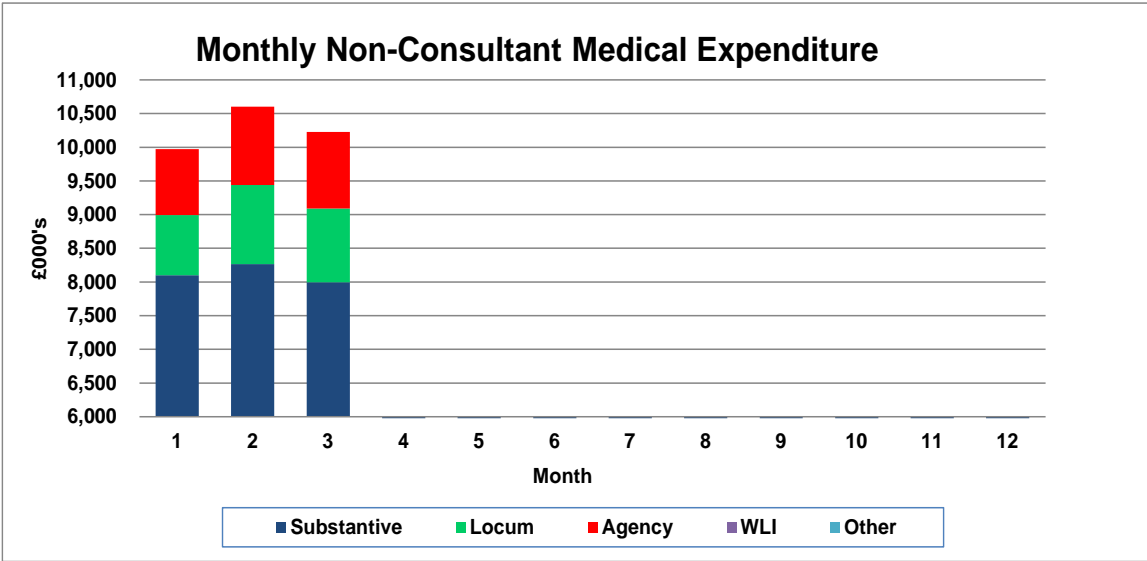
Medical staff (Consultants) is shown below, this includes agency spend of £2.2m for the year to date.

Table 8.1: Monthly Senior Medical Expenditure



Year to date other medical (Junior and Career Grade doctors) pay expenditure totalled £30.8m, this included £3.3m of agency staff.

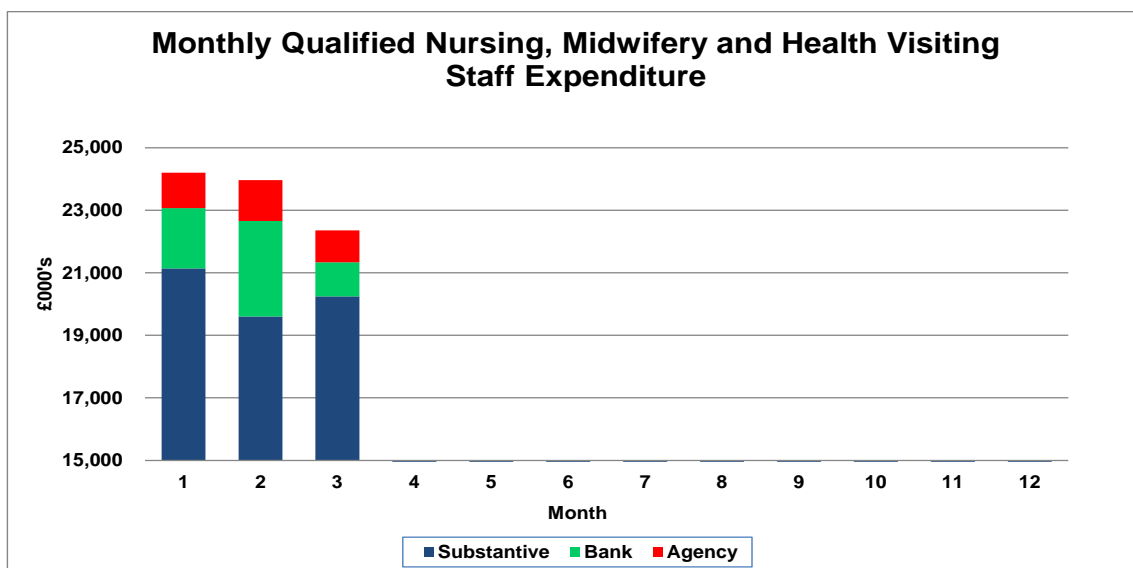
Table 8.2: Monthly Non-Consultant Medical Expenditure



2.4.2. Qualified Nursing, Midwifery and Health Visiting Staff

Table 8.3 shows the Trust’s year to date qualified nursing expenditure totalling £70.5m. The average monthly expenditure in 2018/19 (adjusted for pay inflation) for this staff group is £23.9m.

Table 8.3: Monthly Qualified Nursing, Midwifery & Health Visiting Staff Expenditure



2.5 Non Pay Analysis

Table 9 below compares the Month 3 non pay spend by expenditure group with the monthly expenditures 2019/20 and the average for 2018/19.

Table 9: Non Pay by Expenditure Type

	2018/19	2019/20	
	Monthly Average £000's	Month 1-3 Average £000's	Month 3 £000's
Drugs	19,170	19,506	19,495
Clinical Supplies	14,964	15,582	15,720
Other	20,047	20,280	20,490
Total	54,181	55,368	55,705

2.6 Operational Divisional Performance

Table 10 below shows the financial performance across the new divisional structure. Following the late finalisation of 2019/20 plans, budget has been released from reserves into divisions during month 3 to fund:

- 2019/20 Agenda for Change pay award.
- Non-consolidated pay award to staff at the top of the scale.

Further work is ongoing to agree the release of funding for new cost pressures and recent business cases.

Table 10: Divisional Analysis

Month 3	Category	Annual Plan	YTD Plan	YTD Actual	YTD Var
Division 1	Income	(23,318,095)	(5,910,076)	(5,918,243)	8,167
	Pay	203,479,992	51,426,139	52,930,683	(1,504,545)
	Non Pay	57,845,683	14,234,142	18,338,103	(4,103,962)
	Sub-Total	238,007,580	59,750,204	65,350,544	(5,600,340)
Division 2	Income	(1,855,399)	(728,201)	(1,756,288)	1,028,087
	Pay	130,539,995	32,810,340	34,114,074	(1,303,733)
	Non Pay	143,173,481	34,573,677	38,420,731	(3,847,054)
	Sub-Total	271,858,077	66,655,817	70,778,516	(4,122,700)
Division 3	Income	(9,634,572)	(2,438,326)	(2,331,630)	(106,696)
	Pay	175,148,839	44,393,878	50,253,637	(5,859,759)
	Non Pay	28,940,618	7,651,842	9,323,037	(1,671,195)
	Sub-Total	194,454,885	49,607,394	57,245,044	(7,637,650)
Division 4	Income	(3,092,999)	(777,564)	(662,507)	(115,057)
	Pay	83,284,315	20,891,775	21,769,695	(877,920)
	Non Pay	43,116,336	10,075,241	11,216,799	(1,141,558)
	Sub-Total	123,307,652	30,189,452	32,323,987	(2,134,536)
Division 5	Income	(5,865,241)	(1,573,946)	(1,672,377)	98,431
	Pay	92,183,435	23,147,926	24,663,014	(1,515,088)
	Non Pay	126,289,569	31,486,180	34,090,688	(2,604,508)
	Sub-Total	212,607,763	53,060,160	57,081,325	(4,021,166)
Division 6	Income	(5,205,753)	(1,355,716)	(1,343,167)	(12,549)
	Pay	75,313,432	19,064,660	18,462,013	602,646
	Non Pay	44,051,200	9,965,346	10,158,328	(192,981)
	Sub-Total	114,158,879	27,674,290	27,277,174	397,116
Central Operations	Income	(1,496,972,797)	(370,299,573)	(370,380,136)	80,563
	Pay	14,541,564	3,739,477	3,438,236	301,241
	Non Pay	(3,147,775)	(805,313)	497,224	(1,302,537)
	Sub-Total	(1,485,579,008)	(367,365,409)	(366,444,676)	(920,733)
DIVISIONAL TOTAL		(331,184,172)	(80,428,093)	(56,388,085)	(24,040,007)

Note - may include rounding differences

The key variances by Division are set out below.

Division 1 (Clinical Support Services)

- (£1.5m) adverse pay variance led by Anaesthetics and Critical Care medical staffing (£0.7m). Further overspends in Radiology due to additional capacity (£0.8m), Theatres (£0.3m) and Pharmacy (£0.2m).
- (£0.8m) adverse variance for purchase of healthcare services in Radiology relating to hire of mobile units and external reporting.
- (£0.6m) adverse variance for clinical supplies across Laboratories, Theatres and Critical Care.
- (£2.0m) unachieved in year and historic CIP targets.

Division 2 (Medicine)

- £1.0m favourable income position driven by specialised Cardiac Transplant Surgery £0.9m and Cardiology private patients £0.1m.
- (£1.3m) adverse Pay position, primarily due to a (£0.9m) overspend on additional Waiting List payments in Cardiology, Endoscopy and Dermatology. Additional (£0.6m) overspend on agency medical staff in GI Medicine and Respiratory medicine.
- Non-Pay (£3.8m) adverse deficit including (£3.3m) adverse position relating to CIP targets and (£0.6m) adverse variance for outsourced Endoscopy services (QEH and BHH sites). Further adverse variance of (£0.5m) for clinical supplies in Cardiology and Renal services.

Division 3 (Emergency)

- Pay expenditure (£5.9m) adverse variance led by Medical Staffing (£4.0m) and Nurse staffing (£1.9m).
- Medical staffing position made up by Acute Medicine (£2.0m), Emergency Medicine (£1.4m) and (£0.4m) Elderly Care overspends compared to plan.
- Adverse Nursing position driven by agency premium and specials of (£2.3m) in Emergency Medicine and 3A and 3B ward areas.
- Non Pay expenditure is (£1.7m) adverse to plan of which non achievement of CIP accounts for (£1.2m).

Division 4 (Surgery)

- Pay expenditure (£0.9m) adverse to plan including (£1.0m) overspend on Medical Staffing of which (£0.8m) relates to waiting list initiative payments.
- Non-Pay (£1.1m) adverse to plan. Unachieved CIP targets of (£1.5m). Overspends of (£0.2m) for purchases of healthcare services in Ophthalmology and further (£0.2m) adverse variance for appliances and implants in ENT and Vascular services.

Division 5 (Oncology, Neurology & Specialist Surgery)

- Pay expenditure (£1.5m) adverse with main driver being Medical Staffing (£1.4m). High use of agency (£0.5m), Locum (£0.3m) and WLI (£0.3m) costs for T&O medical staffing with further overspends in Neurosurgery (£0.3m) and Haematology (£0.2m).
- Non-Pay (£2.6m) adverse of which (£1.2m) relates to CIP targets and (£1.1m) relates to drug costs in Haematology.

Division 6 (W&C, Sexual Health, ID & Immunology)

- Pay expenditure £0.6m favourable to plan of which Nursing and Midwifery £0.5m favourable.
- Non-Pay (£0.2m) adverse to plan.

3. Efficiency Savings

The Trust's annual plan includes a £42.0m CIP target (2.6% of turnover). This includes a £15.1m stretch target, of which £14.0m is phased into Quarter 4.

Table 11: CIP Delivery by Site and Division

Division	Target	All CIP Sources		YTD Delivery		
		Plans Identified	(Unidentified) / Headroom	YTD Target	YTD Delivery	Variance
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Division 1	5,483	4,525	(1,815)	1,371	328	(1,043)
Division 2	4,559	4,863	(791)	1,140	671	(468)
Division 3	4,785	4,701	(3,025)	1,196	358	(838)
Division 4	2,616	1,547	(1,819)	654	277	(377)
Division 5	3,055	2,706	(1,769)	764	48	(716)
Division 6	1,832	2,331	201	458	659	201
Central Ops	503	779	184	126	0	(126)
Corporate	4,046	3,957	(89)	1,012	579	(433)
Sub-Total	26,879	25,409	(8,922)	6,720	2,919	(3,801)
Stretch	15,121	0	(15,121)	280	0	(280)
Total	42,000	25,409	(24,043)	7,000	2,919	(4,081)

Overall CIP delivery for year to date is £2.9m against a target of £7.0m, resulting in a shortfall of (£4.1m) compared to plan. The reported position reflects a prudent view of what has been delivered year to date as the new Divisions continue to validate schemes.

4. Statement of Financial Position

The Statement of Financial Position (Balance Sheet) shows the value of Trust assets and liabilities as at 30 June 2019. The upper part of the statement shows net assets after short and long term liabilities with the lower part identifying sources of finance.

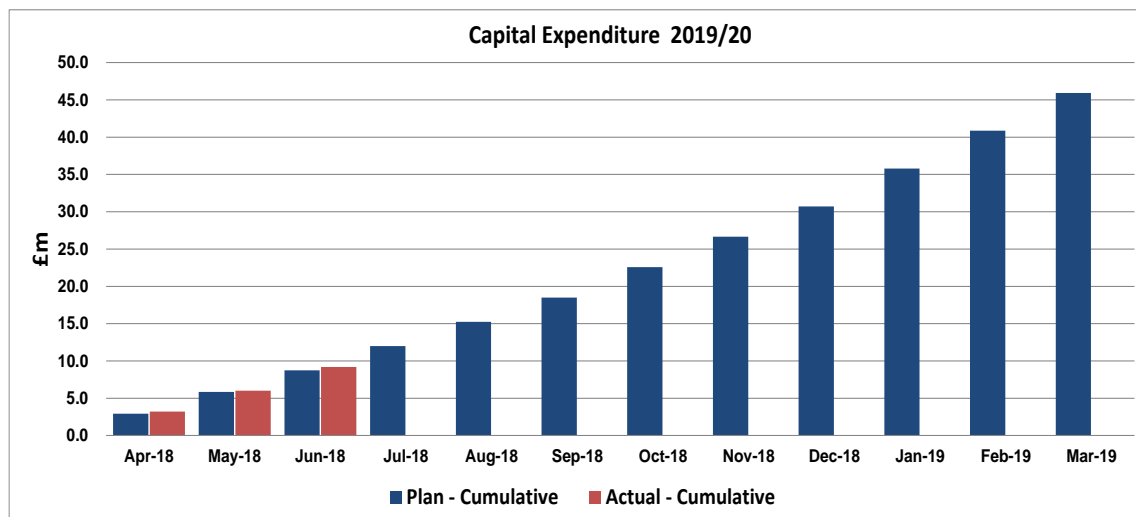
Table 12: Statement of Financial Position

Consolidated Summarised Balance Sheet - Group			
Group	YTD Plan	YTD Actual	YTD Variance
	Jun-19	Jun-19	Jun-19
	£m	£m	£m
Non-current assets			
Intangible Assets	13.4	12.3	(1.1)
Tangible Assets	428.0	430.0	2.0
PFI Assets	311.5	310.8	(0.7)
Debtors	8.5	8.5	0.0
Total	761.4	761.6	0.2
Current assets			
Inventories	35.5	38.0	2.5
Debtors	123.3	131.8	8.5
Bank & Cash	55.7	21.6	(34.1)
Total	214.5	191.4	(23.1)
Total Assets	975.9	953.0	(22.9)
Current liabilities			
Payables - trade	(262.0)	(241.6)	20.4
Payables - capital	(6.1)	(4.9)	1.2
Provisions	(3.3)	(3.3)	0.0
Deferred income	(33.4)	(32.5)	0.9
Borrowings	(13.4)	(13.2)	0.2
Total	(318.2)	(295.5)	22.7
Non-current liabilities			
Payables - trade	0.0	0.0	0.0
Provisions	(7.5)	(7.5)	0.0
Deferred income	(1.9)	(1.9)	0.0
Borrowings	(493.8)	(493.8)	0.0
Total	(503.2)	(503.2)	0.0
Total Liabilities	(821.4)	(798.7)	22.7
Net Assets	154.5	154.3	(0.2)
Financed by			
PDC	368.5	367.5	(1.0)
Revaluation Reserve	151.4	151.1	(0.3)
I&E Reserve	(365.4)	(364.3)	1.1
Total	154.5	154.3	(0.2)

5. Capital Expenditure (Non-Current Assets)

Table 13 below shows actual capital project expenditure incurred year to date was £9.2m compared to the planned £8.8m. Further details relating to the capital programme are set out in Appendix B.

Table 13: Capital Programme Expenditure

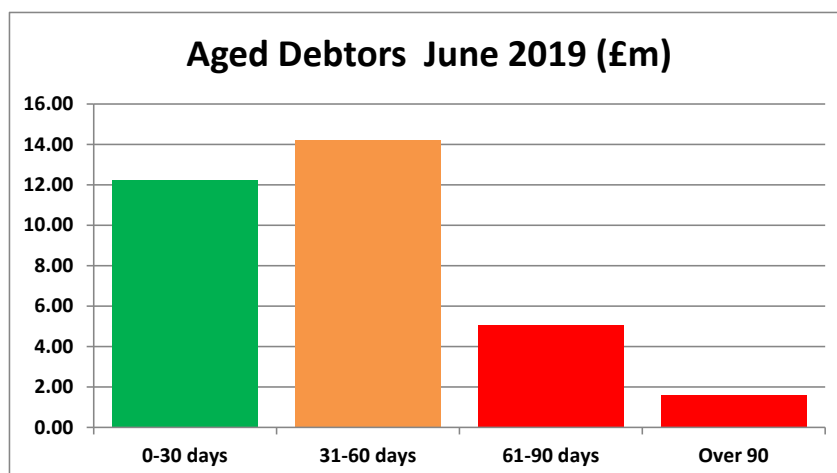


NHSE&I have requested that all providers reduce their current capital plans to ensure the NHS meets its overall capital expenditure limits. Revised capital control totals have been set for each STP. To assist delivery of this new lower capital target, UHB has been asked to reduce its 2019/20 capital programme by £3.3m. This will largely be addressed through slippage of ICT, equipment and estates projects planned for the Quarter 4 into the next financial year.

6. Aged Debt

The age profile of debtors (unpaid invoices issued by the Trust) is summarised below. At the end of June 2019, over 90 day debt amounted to £15.8m, a reduction (improvement) of £1.6m on the previous month. This includes £2.9m due from NHS Commissioners and a further £6.9m from NHS Trusts relating to Service Level Agreements (SLAs). £2.6m relates to overseas visitors and private patients with the balance being made up from Universities, the Ministry of Defence, private sector organisations and individuals.

Table 14: Aged Debt Analysis



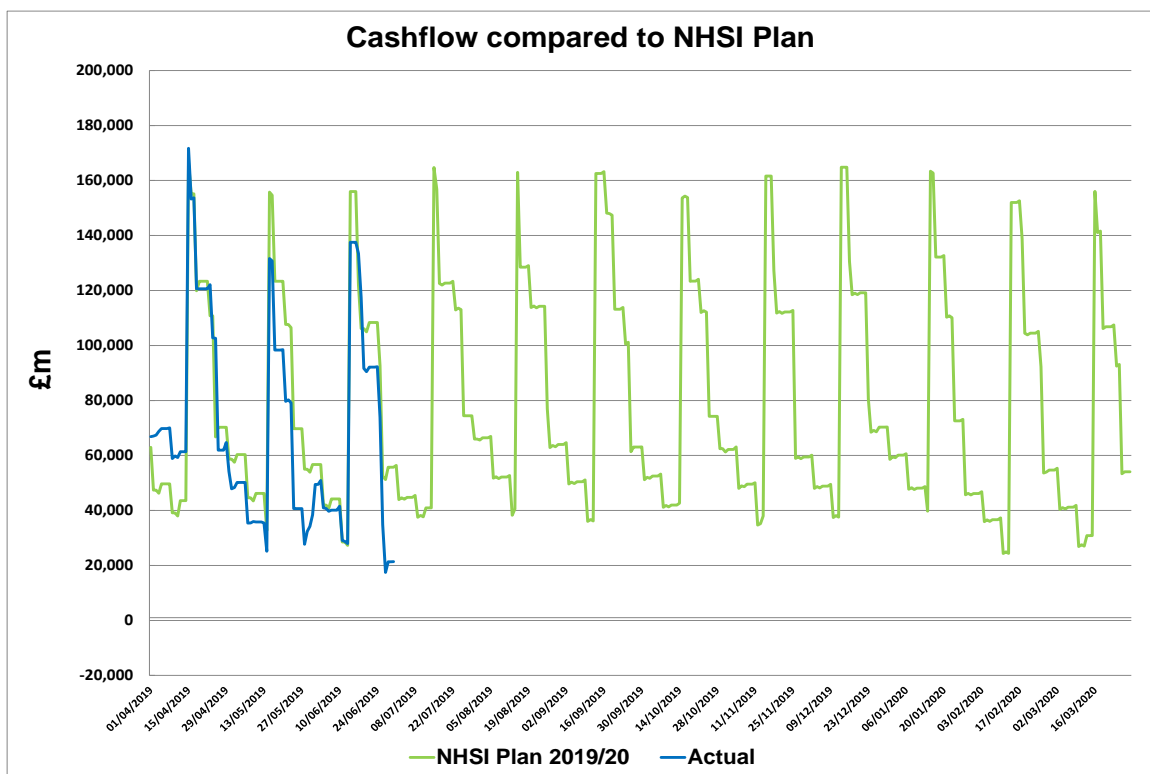
7. Cash Flow

The blue line on Table 15 below shows actual weekly cash balances. The Trust's cash balance at the end of June was £21.6m which is (£34.1m) below plan. The key factors driving this adverse variance include:

- No education funding has been received from Health Education West Midlands in Q1 due to delays in finalising the LDA – circa £13.0m.
- Commissioner monthly mandate payments have continued at 2018/19 values in Q1 due to delays in finalising contracts – circa £19m
- Increase in inventories (stock) - £2.5m.

The position above excludes £18.9m of 2018/19 Quarter 4 PSF, NHSE&I have confirmed that this will be paid in July, further improving Trust cash balances. Education agreements have been finalised so payments should now be made and the Trust has invoiced commissioners for the uplifts to 2019/20 contract values, as well as requesting that future mandate values are uplifted.

Table 15: Cash Flow Forecast



8. Financial Risk Rating & Use of Resources (UoR) Metric

The Finance and Use of Resources Metric gives each provider a score between 1 (best) to 4 (worst) against 5 equally weighted metrics. Where providers have an overall score of 3 or 4, this will identify a potential support need under this theme, as will providers scoring a 4 against any of the individual metrics. Based on the year to date financial performance, the combined Trust's Financial Risk Rating score is detailed below;

Table 16: Trust Financial Risk Rating

Metric	Weight	Score	Definition
Capital Service Cover	20%	4	Can the provider's income cover its longer term financial obligations
Liquidity	20%	4	Cash held to cover operating costs
I&E Margin	20%	4	I&E surplus or (Deficit) as a proportion of Total Income
Distance From Plan	20%	2	Actual surplus compared to plan
Agency Spend	20%	3	Distance of actual spend from the annual agency cap set by NHS Improvement
Trigger		Yes	Any score of 4 above (trigger applies)
Risk Rating		3	Max. score limited to 3 if trigger applies

Use of resources is one theme used by NHSE&I to assess providers' overall performance. Other factors include quality of care, operational performance, strategic change and leadership and improvement capability. After assessing each of these areas, the Trust is placed into one of four segments as follows;

Segment	Description
1	Providers with maximum autonomy - no potential support needs identified across our five themes – lowest level of oversight and expectation that provider will support providers in other segments
2	Providers offered targeted support - potential support needed in one or more of the five themes, but not in breach of licence (or equivalent for NHS trusts) and/or formal action is not needed
3	Providers receiving mandated support for significant concerns – the provider is in actual/suspected breach of the licence (or equivalent for NHS trusts)
4	Special measures - the provider is in actual/suspected breach of its licence (or equivalent for NHS trusts) with very serious/complex issues that mean that they are in special measures

The Trust is currently within segment 2 which was agreed with NHS Improvement as part of the merger discussions.

8.1 **NHSE&I Control Total**

The Trust is monitored by NHSE&I for its financial performance against the agreed control total adjusted for the items set out below: Table 17 below shows the reconciliation between the figures used;

Table 17: Adjusted NHSE&I Financial Performance

Adjusted Financial Performance (NHSI Control Total)	Annual Plan	YTD Plan	YTD Actual	YTD Variance
	£m	£m	£m	£m
Trust surplus / (deficit) for the period	0.0	(8.9)	(8.1)	0.8
Gains on transfers by absorption	0.0	0.0	0.0	0.0
Trust surplus / (deficit) for the period excl. absorption gains	0.0	(8.9)	(8.1)	0.8
Adjust: Capital donations / grants I&E impact	0.0	0.0	0.2	0.2
Remove impact of prior year PSF post accounts reallocation	0.0	0.0	(0.9)	(0.9)
Adjusted financial performance surplus / (deficit) including PSF	0.0	(8.9)	(8.9)	0.0
Less Central Funding : PSF, FRF and MRET	(36.2)	(6.4)	(6.4)	0.0
Adj. financial performance surplus / (deficit) excl. Central Funding	(36.2)	(15.4)	(15.3)	0.0

May include rounding differences

This table shows the adjusted financial deficit reported by the Trust at month 3. The actual overall position was £0.026m favourable to the NHSE&I plan.

8.2 Central Funding

To achieve the breakeven financial plan, the Trust is expecting to receive £36.2m of central funding:

- £23.7m Provider Sustainability Funding (PSF)
- £2.3m Financial Recovery Funding (FRF)
- £10.2 Marginal Rate Emergency Threshold (MRET)

The release of this PSF and FRF is dependent on the Trust achieving the agreed financial plan. This funding is phased as follows quarter 1 (15%), quarter 2 (20%), quarter 3 (30%) and quarter 4 (35%). MRET funding is phased equally over the financial year and released to Trusts which submit plans in line with the NHSE&I control total.

9.0 Conclusion

The Trust has reported an income and expenditure deficit of (£8.1m) at the end of June 2019 (month 3), this is better than the planned (£8.9m) due to additional central PSF funding distributions. The reported position includes 2019/20 central funding (PSF, FRF and MRET) of £6.4m in line with the agreed NHSE&I trajectory for the year to date.

Some non-recurrent benefits have been released to underpin delivery of the year to date control total thereby securing the central funding for quarter 1. Receipt of the PSF and FRF elements of the central funding remain contingent on the Trust delivering the financial control total by the financial year end. Therefore it remains a priority to address emerging cost pressures and to close the current CIP gap in order to improve the underlying run-rate.

10.0 Recommendation

The Board of Directors is requested to receive the contents of this report.

Mike Sexton
Chief Financial Officer
17 July 2019

Appendix A - Healthcare Income by Division and Point of Delivery (POD)

Income Type	Division 1			Division 2			Division 3			Division 4			Division 5			Division 6			Total		
	Plan £'000	Actual £'000	Variance £'000	Plan £'000	Actual £'000	Variance £'000	Plan £'000	Actual £'000	Variance £'000	Plan £'000	Actual £'000	Variance £'000	Plan £'000	Actual £'000	Variance £'000	Plan £'000	Actual £'000	Variance £'000	Plan £'000	Actual £'000	Variance £'000
AandE	0	0	0	0	9,777	9,603	(174)	0	0	0	0	0	0	0	0	0	0	0	9,777	9,603	(174)
Ambulatory Care	0	0	0	49	18	(31)	2,129	2,326	197	0	0	0	0	0	0	0	0	0	2,179	2,344	166
Critical Care	7,636	8,256	620	107	149	41	0	0	0	327	284	(43)	0	2,049	2,026	(23)	10,119	10,714	595		
Day Case	853	646	(207)	5,016	5,481	465	28	75	47	4,512	4,206	(306)	4,281	4,371	90	357	348	15,047	15,127	80	
Elective	94	122	27	4,365	4,028	(336)	14	19	5	7,436	6,968	(467)	6,164	6,290	127	465	461	18,537	17,889	(647)	
Non Elective	31	24	(7)	10,254	10,633	379	27,174	27,431	257	8,919	8,116	(703)	10,875	10,653	(221)	2,890	2,869	60,043	59,726	(317)	
Excess Bed Days	3	0	(3)	487	541	64	1,642	1,841	199	413	310	(103)	770	813	44	162	162	3,476	3,667	191	
Maternity	0	0	0	0	2	2	0	2	2	0	3	3	1	0	(1)	7,332	7,396	64	7,333	7,403	70
Direct Access	3,908	3,965	57	121	144	23	297	276	(20)	0	0	0	55	65	10	0	0	4,380	4,450	70	
Outpatient First Attendance	194	210	16	2,615	2,527	(88)	892	948	56	1,916	1,873	(43)	3,816	3,851	35	889	958	10,322	10,365	43	
Outpatient Follow Up	182	168	(14)	5,304	5,393	89	836	787	(50)	1,997	1,853	(145)	5,145	5,288	143	2,011	1,665	15,475	15,153	(322)	
Outpatient Procedures	282	282	(0)	2,252	2,087	(165)	119	105	(14)	2,359	2,242	(117)	831	752	(79)	490	517	6,333	5,985	(348)	
Diagnostic Imaging	2,981	3,152	171	308	314	6	2	2	(0)	37	30	(7)	14	13	(1)	18	23	3,360	3,534	173	
Renal Dialysis	0	0	0	6,670	6,927	257	0	0	0	0	0	0	0	0	0	0	0	6,670	6,927	257	
Other	6	4	(2)	2,030	2,209	179	142	166	24	281	332	51	5,646	6,233	587	617	679	8,721	9,624	903	
Sub-Total	16,170	16,829	659	39,578	40,454	876	43,052	43,581	529	28,097	26,216	(1,881)	37,597	38,329	732	17,279	17,104	(175)	181,773	182,512	739
Fines & Penalties																					
Block Contracts / Cost Per Case Income / Drugs & Devices																					
Grand Total																					

Activity

Activity Type	Division 1			Division 2			Division 3			Division 4			Division 5			Division 6			Total		
	Plan £'000	Actual £'000	Variance £'000	Plan £'000	Actual £'000	Variance £'000	Plan £'000	Actual £'000	Variance £'000	Plan £'000	Actual £'000	Variance £'000	Plan £'000	Actual £'000	Variance £'000	Plan £'000	Actual £'000	Variance £'000	Plan £'000	Actual £'000	Variance £'000
AandE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ambulatory Care	0	0	0	103	39	(64)	4,401	4,754	353	1	1	0	0	0	0	0	0	0	4,505	4,794	289
Critical Care	6,717	6,873	156	122	169	47	0	0	0	370	319	(51)	0	0	0	3,521	3,690	169	10,729	11,051	322
Day Case	1,009	843	(166)	8,458	8,904	446	49	138	89	7,015	6,906	(109)	5,213	5,399	186	632	633	22,377	22,823	446	
Elective	40	65	25	1,088	1,029	(59)	8	9	1	1,909	1,681	(228)	1,498	1,418	(80)	238	257	4,781	4,460	(322)	
Non Elective	4	3	(1)	2,311	2,314	3	14,528	13,960	(568)	4,502	4,214	(288)	2,407	2,278	(129)	3,060	3,005	26,812	25,774	(1,038)	
Maternity	0	0	0	0	1	1	0	2	2	0	2	2	0	0	(0)	4,497	4,609	112	4,498	4,614	116
Direct Access	1,375,546	1,399,919	24,372	1,382	1,564	182	6,195	6,127	(68)	0	0	0	545	634	89	0	0	1,383,668	1,408,244	24,575	
Outpatient First Attendance	1,032	1,123	91	13,242	12,593	(649)	9,441	9,724	283	12,895	12,436	(459)	17,349	17,598	249	4,821	4,943	58,781	58,417	(364)	
Outpatient Follow Up	2,482	2,312	(170)	55,764	56,374	610	22,052	20,735	(1,317)	30,401	28,512	(1,889)	53,242	54,510	1,268	10,273	8,784	174,214	171,227	(2,987)	
Outpatient Procedures	1,455	1,433	(22)	16,932	15,506	(1,426)	1,005	1,040	35	17,889	16,721	(1,168)	5,695	5,291	(404)	2,322	2,276	45,297	42,267	(3,030)	
Diagnostic Imaging	29,292	30,366	1,074	5,214	5,299	85	53	51	(2)	702	571	(131)	345	309	(36)	385	491	35,992	37,087	1,095	
Renal Dialysis	0	0	0	50,085	52,415	2,330	0	0	0	0	0	0	0	0	0	0	0	50,085	52,415	2,330	
Other	38	30	(8)	26,079	26,841	762	5,044	5,296	252	5,285	6,157	872	17,550	18,437	887	3,028	3,084	57,024	59,845	2,821	

Appendix B – 2019/20 Capital Expenditure Quarter 1 Update

1. Purpose

This appendix provides a summary of Trust wide capital expenditure incurred in Quarter 1 2019/20. It outlines an update on the capital projects, along with a table summarising the sources of funding for capital investments.

2. 2019/20 Capital Programme

The Board of Directors meeting approved the 2019/20 capital programme at £45.9m in May 2019. As in previous years, this plan changed to reflect projects approved or new Public Dividend Capital (PDC) funding allocated to providers and also includes funding secured by UHB Charity. The table below outlines the plan:

Table 1: 2019/20 Capital Plan

Capital Scheme	NHSE&I Plan £000's
Medical Equipment (combined)	13,130
Facilities & Estates Projects (combined)	7,600
ICT (combined)	4,000
Estates QEHB PFI Lifecycle Works	3,700
ACAD	700
Major Medical Equipment	10,000
ICT Global Digital Exemplar (GDE)	3,300
ICT GDE Fast Follower	1,000
ICT STP (HSCN/HSU) Project	1,200
Plan before Charitable Funds & External Funds	44,630
Charitable Grant / Income	1,300
Capital Plan 2019/20	45,930

3. Capital Expenditure

At the end of June 2019, the Trust reported capital expenditure of £9.2m. The table below outlines the expenditure incurred in year.

Table 2: 2019/20 Capital Expenditure

Capital Scheme	Approved Budget £000's	Expenditure (M3 YTD) £000's
Medical Equipment (combined)	13,130	4,428
Facilities & Estates Projects (combined)	7,600	1,606
ICT (combined)	4,000	1,615
Estates QEHB PFI Lifecycle Works	3,700	124
ACAD	700	115
Major Medical Equipment	10,000	0
ICT Global Digital Exemplar (GDE)	3,300	946
ICT GDE Fast Follower	1,000	89
ICT STP (HSCN/HSU) Project	1,200	0
Contingency	0	0
Plan before Charitable& External Funds	44,630	8,922
Charitable Grant/Income	1,300	14
Charitable Donations - UHB	0	244
Total Capital Plan 2019/20	45,930	9,180

3.1. Medical Equipment & Divisional Spend

This budget covers the replacement of existing medical equipment across all hospital sites. At the end of Quarter 1, £4.4m of expenditure has been incurred (£2.1m at HGS and £2.3m at QE sites). The main purchases in year include: Incubators, Ultrasound Scanners, Anaesthetic Machines, Patient monitors and Resus monitors, Operating tables, Consultant Microscope and Hysteroscopes.

3.2. Estates Works

At the end of Quarter 1, £1.6m has been incurred on capital projects on maintenance, improvement and demolition works across the Trust (£1.1m at HGS and £0.5m at QE). Across HGS sites this includes works to Fire Compartmentation (HGS), Fire alarm control panels and Fothergill lifts. Across QE sites, the main works are Heritage backlog maintenance and works to relocate the East Substation.

3.3. ICT Infrastructure, GDE and Wi-Fi Project

In Quarter 1, total ICT expenditure incurred was £2.6m. This included £1.6m investments in replacement of existing hardware, software, network, and security and SQL servers. These budgets are managed by the Director of IT and prioritisation of projects is linked to the Trusts' strategic goals and the digital prioritisation group.

£1.0m has been spent on specific ICT projects outlined below:

- Global Digital Exemplar (GDE) - £946k.
- GDE Fast Follower project - £89k.

3.4. Heartlands Ambulatory Care and Diagnostics Centre (ACAD)

In year, the trust has funded PMO costs by allocating budget of £700k. So far, £115k of costs has been incurred. The full business case was approved by the Board on the 24 January 2019. The case has been submitted to NHSE&I and the trust is awaiting confirmation around the funding arrangements.

3.5. QEHB PFI Lifecycle & Variations

£124k has been incurred for ad hoc variations improvement works completed in the QEHB at the request of services. In line with the PFI model, the lifecycle costs will be charged on a 6-monthly basis.

3.6. QE Major Medical

Total budget allocated for 2019/20 is £10.0m; this includes several items of high value medical, scientific and imaging equipment on all sites;

- CT Replacement x2 (Radiotherapy) - QEH.
- Mammography System – QEH.
- Bi-Plane Angio. – QEH.
- BARS Replacement – QEH.
- MRI 5 upgrade.
- 4x Mobile X-rays.
- 1 x MRI replacement – BHH.
- Universal Digital Radiographic System (DR) x3 – HGS (X-Ray).

3.7. Other Projects

The Gynaecology and Trauma and Orthopaedics reconfiguration paper was approved by Board in June 2019. The capital implications are in the region of £2.7m, which are being managed through slippage and delays to other projects.

3.8. Grants & Donations

At Quarter 1, £14k of charitable expenditure was incurred. The total current capital projects that have been funded by charitable grants or donations for 2019/20 are £1.3m. These are outlined below:

Table 3: Charitable approved schemes

Scheme	Site	Budget
New Training Room - Runcorn Road	HGS	19,000
Bereavement Suite Refurbishment (Fothergill) GHH	HGS	83,943
R.S.U. Entrance - Good Hope	HGS	361,692
Midwifery Led Unit - GHH	HGS	533,595
Other Projects	QE	302,000
Total		1,300,230

The balance relates to charitable donations to fund various pieces of additional equipment across the four hospital sites, primarily from the UHB Charity.

4. 2019/20 Sources of Capital Funding

The Trusts total planned capital investment during 2019/20 is £45.9m funded as follows:

Sources of Funding	£m
New PDC (GDE / Fast Follower)	5,500
Charitable Funding (estimated)	1,300
Trust Depreciation & Amortisation	36,500
Trust internal Cash Resources	2,630
Sub Total	45,930

