Camden and Islington NHS Foundation Trust

Report to:	**Board of Directors (Public)**
Paper number:	**3.5**
Report for:	**Information / Discussion**
Date:	**28 September 2017**
Report author:	**Mike Piercy, Deputy Director of Finance**
Report of:	**David Wragg, Finance Director**
FoI status:	**Report can be made public**
Strategic priorities supported:	***Early and effective Intervention / Helping People to live well***
Cultural pillar supported:	**We are empowered**

Title: **Month 5, 2017/18 – Financial Position**

Executive Summary

This paper updates on the financial position as at the end of August 2017 (month 5).

The headlines at month 5 are as follows:

i) The Trust has submitted a plan to NHS Improvement (NHSI) based on a full year normalised surplus of £1,330k, which equates to a YTD target surplus of £560k.

ii) The Trust returned a worse than planned financial position, and is reporting a year to date deficit of £117k. This position is £677k behind plan, and there are significant underlying concerns that need to be addressed.

iii) The Trust retained cash balances of £43,319k as at 31 August 2017.

iv) Progress against the capital programme has commenced, however, progress has been slower than expected and the Trust has spent £1,488k on capital projects, which is £1,486k below plan.

v) Overall the Trust's financial position is consistent with a score on the Use of Resources rating of '2'.

This report looks at the key components of the financial position.

Recommendation to the Board

The Board of Directors is requested to:

- **RECEIVE**, **CONSIDER** and **COMMENT** on the month 5 financial position.

Your partner in care & improvement

Risk Implications
Achievement of planned outturn position.

Finance Implications
Delivery of financial plan.

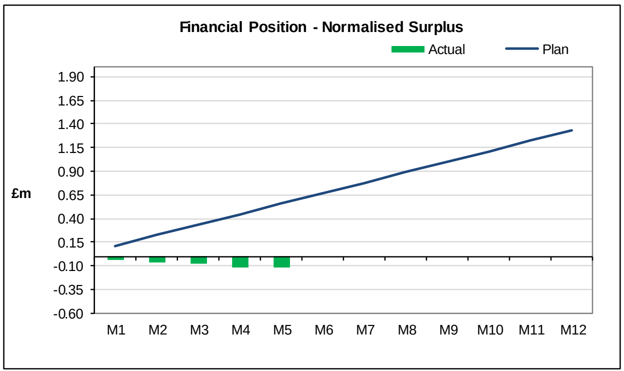
Equality and Diversity Impact / Single Equalities Impact Assessment
N/A

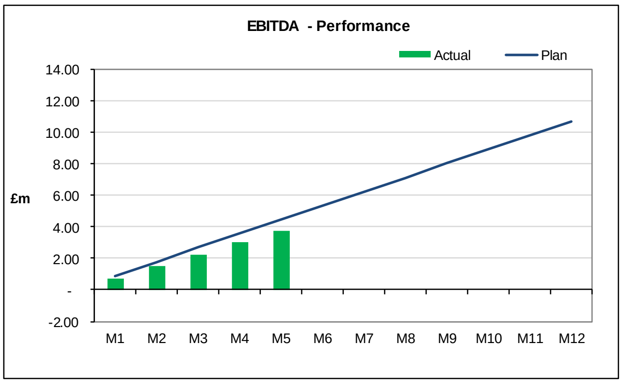
FINANCIAL PERFORMANCE OVERVIEW AS AT AUGUST 2017

Income and Expenditure

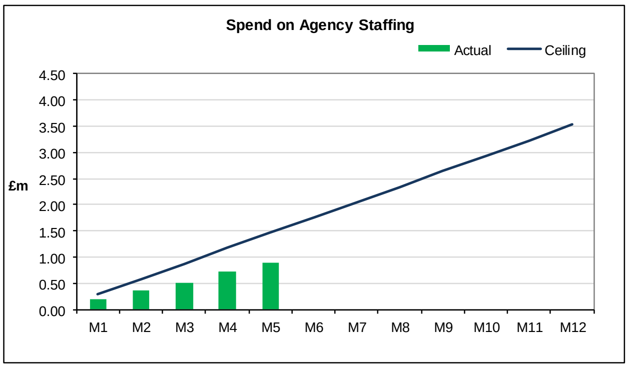
		%age of Turnover
Actual Normalised Outturn Month 5	**-£117k deficit**	**-0.2%**
Planned Normalised Outturn 5	**£560k surplus**	**1.0%**
Planned Actual Normalised Outturn	**£1,330k surplus**	**1.0%**
EBITDA Month 5	**£3,766k surplus**	**6.5%**
Variance from EBITDA target (YTD)	**-£688k adverse**	

Cumulative Net Position





Temporary Staffing



Overall Position

The Trust has begun 2017/18, with material financial pressures that have resulted an outturn position that is already significantly behind plan.

The month 5 position shows that the Trust returned a deficit of £117k, which is behind plan by £677k. It is clear that the adverse run rates that impacted on 2016/17 are continuing to impact in 2017/18, which is not a sustainable position, and urgent remedial action is required.

Cash

	£k	
Cash held at bank	£43,319	G
Funds deposited with NLF	£0	G

Use of Resources Rating - In year achievement

	Actual	Rating	Lower Threshold*	
Capital service capacity (times)	2.2	2	1.75	G
Liquidity ratio (days)	91	1	0	G
I&E margin	-0.2%	3	-1%	A
I&E varaince against plan	-1.6%	3	-2%	A
Agency Spend	-39.5%	1	25%	G
Overall Rating		**2**		G

**The lower threshold is the point at which each of the respective ratios will fall from their current score.*

2017/18 CIP

	FY Target £k	Progress Q1	Q2	Q3	Q4	FY 4Cast £k
16/17 Headroom b/f	500	G	G			500
WPICU (part year covered via reserves)	750	A	A			750
Income generation - NCA/DWP	405	G	G			405
Capital Charges reduction	122	G	G			122
Acute schemes	765	R	R			765
Community schemes	496	A	A			496
R&R schemes	557	R	R			557
SAMH schemes	287	A	A			287
SMS schemes	190	A	A			190
Ops Management schemes	131	A	A			131
Medical (incl Pharmacy) schemes	110	A	R			110
Corporate schemes	1,509	A	R			1,509
Less: 17/18 Headroom	-500	G	G			-500
	5,322					**5,322**

CIP comments

The Trust has planned for a £5,322k CIP requirement, with an additional £500k of CIP headroom.

CIP targets of £4,045k have been devolved to budgets, with £1,277k relating to WPICU, additional income and capital charges being managed centrally,and all financial reporting is against this level. In a change to 16/17 reporting, the RAG rating considers i) whether the CIP targets are being accomodated within run rates and ii) the identification of recurrent solutions to address the targets.

Risks

The key financial risks facing the Trust in 2017/18 are i):the current inability to further reduce temporary staffing, ii) run rates not being fully accommodated within the 2017/18 (CIP adjusted) budgets, and iii) the ability of PICU/PP costs to be contained at a manageable level prior to the opening of the WPICU.

1. INTRODUCTION

The Trust submitted an annual plan for 2017/18 showing a planned, normalised full year surplus of £1,330k, which was in line with the control total passed down from NHSI.

Correspondence from NHSI confirmed that the Trust would receive a further £838k relating to the Sustainability & Transformation Fund (STF), on the basis that the Trust agrees that its control total is revised upwards on a 1:1 basis to £2,168k (i.e. that none of the additional income would be spent). We understand that this funding is i) non-recurrent, ii) should be normalised out when reviewing performance against control total and iii) is paid quarterly in arrears, contingent on the Trust meeting its control total.

2. SUMMARY MONTH 5 POSITION

The table below and the above dashboard provide an overall summary of the position for the year to date. Further detail is shown in the Appendices.

FINANCIAL POSITION AS AT MONTH 5

Line Ref	Business Unit	Annual Budget	Budget	Actual	Variance (fav) / adv
		A	B	C	D=C-B
		£'000	£'000	£'000	£'000
1	**NON DEVOLVED INCOME**	**(131,148)**	**(54,648)**	**(54,648)**	**(0)**
2	Subtotal Direct Services	91,841	38,405	40,774	2,369
3	Subtotal Central Services	28,639	11,789	10,108	(1,681)
4	**SUBTOTAL EXPENDITURE**	**120,481**	**50,194**	**50,882**	**688**
5	**EBITDA**	**(10,667)**	**(4,454)**	**(3,766)**	**688**
	EBITDA Margin	***7.8%***	***7.9%***	***6.5%***	***-1.4%***
6	Depreciation	5,200	2,167	2,167	**0**
7	Dividend Payment	4,171	1,738	1,738	**0**
8	Interest	(34)	(11)	(21)	**(11)**
9	**NORMALISED (SURPLUS) / DEFICIT**	**(1,330)**	**(560)**	**117**	**677**
	Normalised I&E Surplus Margin	***1.0%***	***1.0%***	***-0.2%***	***-1.2%***
10	Normalised Income	(838)	(238)	0	**238**
11	**RETAINED (SURPLUS) / DEFICIT**	**(2,168)**	**(798)**	**117**	**915**
	Retained I&E Surplus Margin	***1.6%***	***1.4%***	***-0.2%***	***-1.6%***

At month 5, the Trust returned a YTD normalised deficit of £117k, which was behind the planned position of £560k surplus by £677k. The EBITDA position was a £3,766k surplus against a target of £4,454k. As this position is behind plan, currently no STF income has been recognised, and accordingly the variance against plan, when compared to the revised control total of £2,168k becomes £915k behind YTD target.

3. INCOME

The Trust has agreed all contracts with CCGs and therefore, as the majority of the Trust's income is on a block contract basis (which has minimal scope to vary during the financial year), the Trust has secured the majority of its income for the year and income risk is low. The following points are of note:

- 2017/18 contract negotiations with local commissioners were mainly favourable overall for the Trust.
- The Trust continues to monitor the small number of income streams which have variability incorporated into them. As at month 5, there are no indicators that overall income levels are at risk, however, this is subject to continued monitoring.
- CQUIN income has been agreed but is subject to the achievement of targets.

The Trust's contracts for 2017/18 again included a £2,000k overseas visitor element. However, the current full year projections are expected to exceed the £3,000k level that will trigger for discussions on the risk share allocation, and may rise as high as £4,000k – this position has been notified to the local CCGs. Additionally new guidance relating to a cohort of patients who are not charge exempt, and do not fall within this agreement, states that if trusts are able to charge commissioners, but only if the individuals are billed for part of the charge directly. The scope of this cohort and the feasibility is currently being scoped.

Additional income has not been included in either the current position or within forecasts at this stage, as there is uncertainty about both the outturn position and the ability of the CCGs to absorb this level of pressure, However, the Trust will continue to monitor the position and attempt to maximise income in this area.

4. OUTTURN POSITION AT MONTH 5

Month 5 has seen continuation of pressure on the financial position, and currently the Trust is £677k behind the normalised plan. The Trust is in an overall deficit of £117k, the key features, which have remained relatively constant throughout the financial year are:

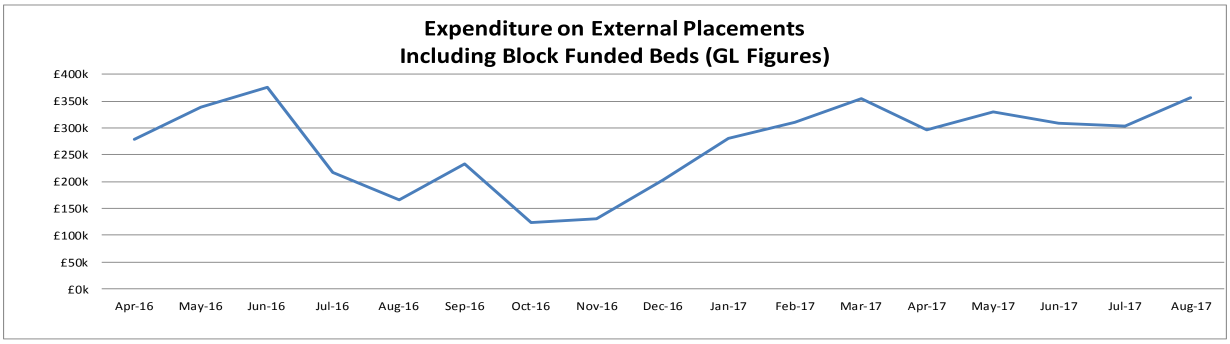
- A material in year pressure in the costs relating to external PICU/Private Placements, with costs of £1,595k being reported year to date.
- Significant underlying overspends across the Acute and R&R divisions are currently being partially offset by specific underspent budgets in Community, ICT and, to a lesser degree, Acute, which are non-recurrent.
- The Trust has identified and planned for a CIP requirement of £5,322k, and has prudently included headroom of £500k in an overall £5,822k (£2,426k YTD) programme. Opening budgets have been adjusted for appropriate amounts, and the month 5 position reports against the reduced budgetary level.

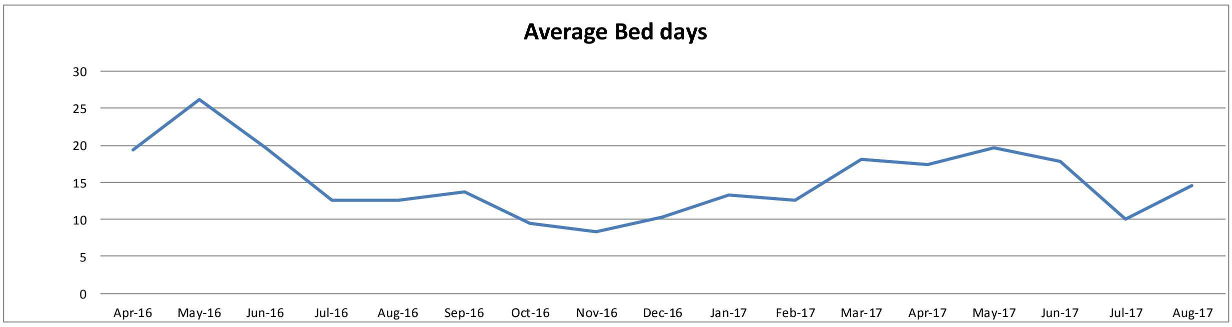
➢ **Operational Divisions**

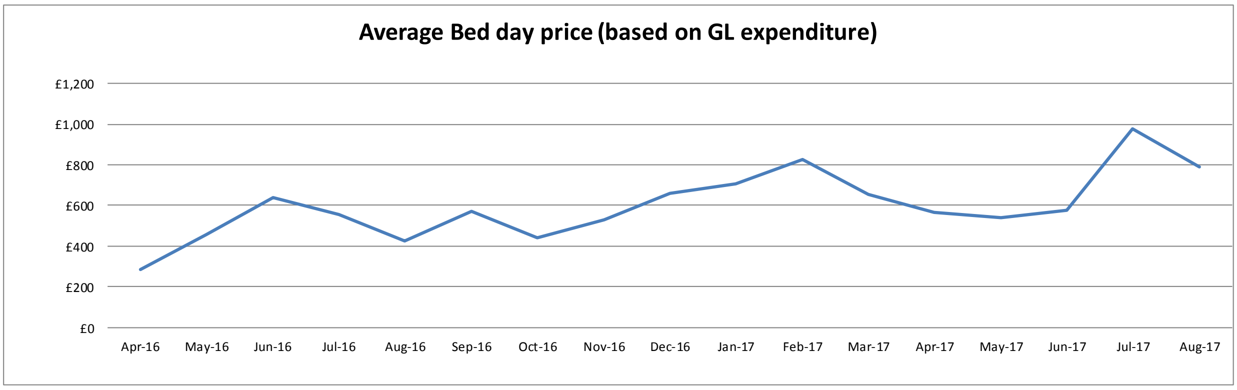
Operational divisions are, at month 5, overspent by £2,020k (£1,511k at month 4). It is clear that this is a significant overspend at this stage of the financial year, and comes despite additional budget being applied in 2017/18.

The month 5 position showed a worsening in month as well as YTD, deficit, the key components of which are discussed below.

It remains the case that a significant aspect of the adverse financial performance in Operational Services remains the costs associated with PICU/Private Placements. The Trust spent £1,595k on PICU/Private Placements over the first 5 months of the financial year, which was in excess of budget by £1,011k (£762k at month 4). The following charts show the trend of expenditure on PICU/Private Placements:







Note: The average beds day figures are based on all private placement actuals based on invoices received and estimates from the contracts team.

The level of costs for PICU/Private Placements recognised in month 5 was £356k, which is an increase of £52k on month 4 levels. However, when consideration is given that included in the month 4 costs were £125k of invoices for activity relating to periods prior to month 4, it can be seen that the month 5 position represents a material in month increase.

However, despite the level of overspend on PICU/Private Placements budgets, it is pertinent that this only accounts for 50% of the overspend within Operational Services, and currently 2 out of 5 of the divisions are overspent (Acute and R&R are collectively £1,222k overspent, which represents 61% of the overall Operational Services overspend).

The key points of note on budgetary performance within Operational Services are:

- During late July, the Trust closed Jasper ward in order to facilitate the development of the Women's PICU on the St Pancras site, and it is important that, while the ward is closed pending its conversion to the Women's PICU, the staff from Jasper are re-deployed elsewhere to facilitate the reduction in temporary staffing costs and therefore in overall pay costs.

  As month 4 showed a sharp and unexpected increase in temporary staffing, it is considered that month 3, the last month where the Trust's whole bed base was open, is a more appropriate comparator. During August, pay costs across Acute and R&R Inpatient areas only reduced by £3k against month 3 levels. Temporary staffing costs increased by £30k in this period, which was broadly offset by reductions in permanent staffing costs.

- The Acute division is overspent by £722k (£595k at month 4) with Inpatient budgets accounting for £320k of this, despite a material injection of funding in 2016/17.
- The Community Mental Health division is under spent by £36k (£99k under spent at month 4). The Primary Care team received significant funding, which has been added to the Community division's budget and which contributed an underspend of £145k. This benefit is likely to be non-recurrent and reducing while recruitment is progressed.
- Rehabilitation & Recovery stands at £501k overspent year to date (£427k at month 4), with Inpatient teams contributing £180k of this amount.
- Services for Ageing & Mental Health is showing an under spend of £41k (£73k at month 4), while SMS is under spent year to date by £38k (£65k at month 4). Both of these should be considered to be positive results.

Overall, expenditure rates in Operational Services in 2016/17 were at a level that placed the Trust's financial position under significant distress and resulted in a financial outturn that was £833k behind plan. It is essential that in 2017/18, expenditure levels reduce to not only address the 2016/17 overspending run rates but to also accommodate 2017/18 CIP. At month 5 it remains pertinent that that minimal progress has been made against either objective.

- **Central Medical budgets (incl. Pharmacy)**

Medical budgets are £335k overspent year to date (£340k overspent at month 4), with junior doctors pay higher than budget as a result of contractual changes. The Medical Director has analysed and reported to Resources Committee the full impact of these changes and budgets will be adjusted accordingly for month 6 reporting.

From month 3, this position also includes the Operational Drugs budget which was transferred from Operational Services and is currently £207k overspent.

- **Local Authority Lines**

LBC is £203k overspent (£149k at month 4). Savings targets designed to return the LBC position to balance have now been embedded, however, expenditure levels continue to exceed budget, and discussions with LBC are ongoing.

LBI budgets are underspent by £190k (£148k at month 4).

- **Trust HQ (incl. Education & Training)**

Trust HQ budgets are currently showing an overspend of £151k (£75k at month 4), and is broad continuation of previous underlying performances.

The most notable component of THQ budgets is an underspend of £103k on ICT budgets. However, the main driver behind this underspend is the application of additional budget during 2015/16 for a new ICT staffing structure. It is not expected that this underspend will continue with recruitment currently progressing. This underspend is offset by overspends on Director of Nursing and HR/OD budgets of £183k and £148k respectively.

Corporate budgets retain significant levels of CIP targets that require addressing on a permanent basis, while planning for corporate 2017/18 CIP delivery appears less developed than in service. It remains essential that the clearance of CIP targets across THQ is prioritised.

5. TEMPORARY STAFFING

NHSI have again notified all trusts that they will again be subject to an agency staff expenditure ceiling. To be clear, the ceiling is a target that NHSI expects the Trust to achieve, it is not a forecast of expected levels derived by the Trust. The ceiling for C&I remains at £3,520k for 2017/18, an average of £293k per month. The Trust spent £4,518k on agency staffing in 2016/17.

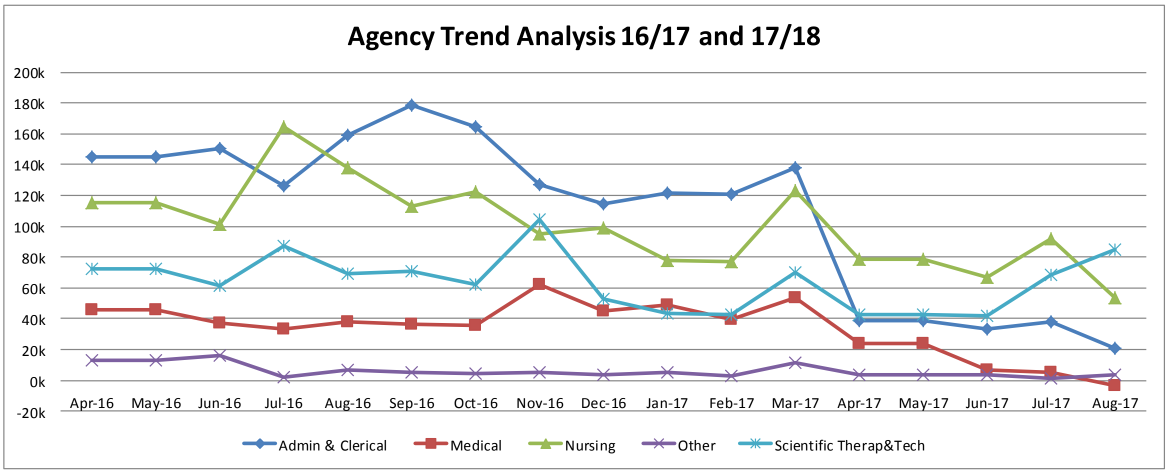
The following table shows the Trust's agency ceiling against spend for 2017/18:

PROFILE OF AGENCY SPEND CEILING VS SPEND

		Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18
In month Ceiling	*£'000*	293	293	293	293	293	293	293	293	293	293	293	297
YTD Ceiling	*£'000*	293	586	879	1,172	1,465	1,758	2,051	2,344	2,637	2,930	3,223	3,520
In month Spend	*£'000*	172	202	146	206	160							
YTD Spend	*£'000*	172	374	520	726	886							

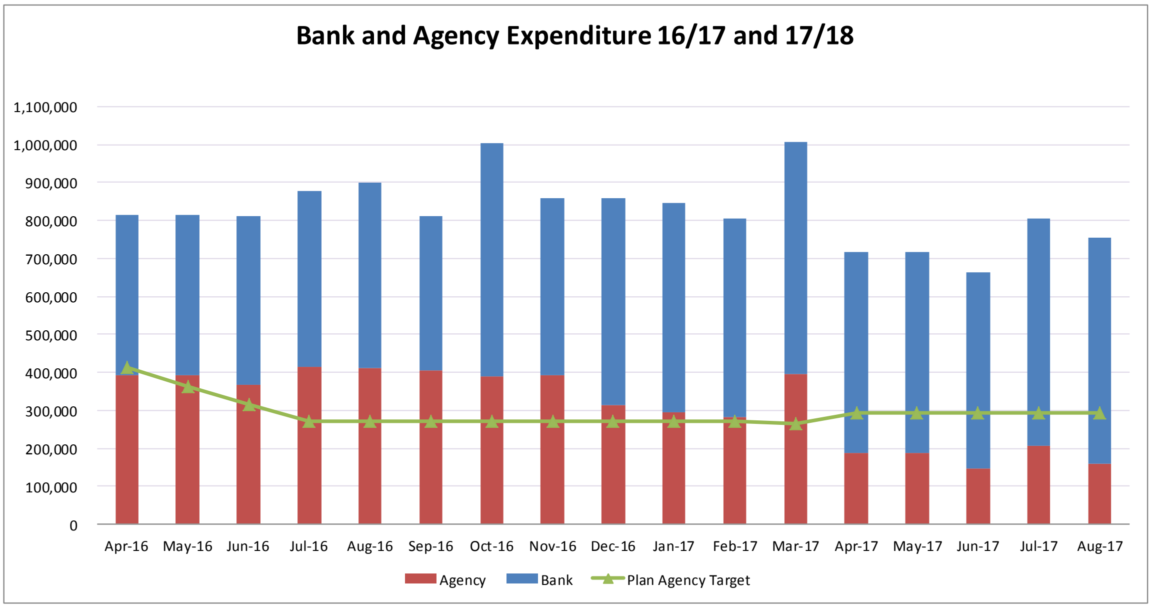
The Trust has spent £886k in the first 5 months of the year. This level of spend is notably lower than the YTD ceiling of £1,465k. This is predominantly the result of reductions in agency spend in Corporate areas, including Finance, HR and IT. Agency spend in Operational Services accounted for approx. 77% of all agency spend.

The following graph shows agency spend by staffing type:



It is clear, and not unexpected, that the main elements of agency expenditure have been on nursing and admin & clerical staff, however, there has been slow but steady progress in reducing spend across the last financial year.

However, while it is important that the Trust makes every effort to meet the agency expenditure ceiling, it is also important that agency spend is not considered in isolation from bank staff usage. The graph below shows total levels of temporary staffing.



Month 4, despite the closure of a ward during the last week in July, saw a significant increase in the overall level of temporary staffing costs, and while month 5 has seen a reduction, it is pertinent that the spend in month 5 is still noticeably higher that at month 3. It is important, while the ward closure continues pending the opening of the Women's PICU, that the Trust sees a noticeable reduction in temporary staffing costs contributing to an overall reduction in pay costs.

HR have implemented a vacancy review protocol which includes review of agency spend, and the Chief Operating Officer and Director of Finance are co-ordinating with HR to ensure that all recruitment is monitored and appropriate.

It should be noted that the above graphs shows total levels of temporary staffing usage. It is not the intention that this analysis is a definitive, detailed assessment of the reasons behind usage of temporary staffing, which is considered by the Workforce Committee. It is important that trends are assessed within operational services in order that the Trust can assure itself that temporary staffing usage remains under control, within budgetary constraints and that value for money is obtained.

6. CIP

The Trust's CIP programme for 2017/18 does contain a major transformational scheme, in terms of the development of a Women's PICU, as well as other central schemes such as income generation from additional non contractual referrals and income received from the Dept. of Work and Pensions, as well as capital charge savings from planned property disposals. However, the majority of the 2017/18 CIP has been allocated as CIP Targets, even where delivery is expected to be via Trust-wide initiatives such as reducing average length of stay.

All CIP targets have been removed from budgets. Therefore all operational divisions and corporate teams are operating on 'post CIP' budgetary levels, and the main risk to the financial position becomes one of maintaining run rates against the reduced budgetary level, rather than the identification of savings schemes.

The Trust has RAG rated, on the Finance dashboard at the beginning of this paper, CIP achievement. The Trust recognises that, by definition, the identification and removal of budgets to achieve CIP delivery poses an inherent risk to business as usual run rates, the RAG rating reflects not only budget removal, but also a reflection of the residual run rates and identification of recurrent solutions to address the targets. This is a variation on 2016/17, where the impact on the Trust's overall risk rating was also considered.

7. RISK RATING

NHSI rates Trust's on a Use of Resources rating. The scoring system ranks from '1' (low risk/best score) to '4' (high risk/worst score). The following table shows the Trust's Use of Resources rating for month 2:

USE OF RESOURCES METRICS

Metric	Q3 16/17	Q4 16/17	Q1 17/18	Aug Actual	Weighting	Aug Rating
Capital service capacity ratio (times)	2.0	2.2	2.2	2.2	20%	**2**
Liquidity ratio (days)	89	87	90	91	20%	**1**
I&E Margin	-0.3%	-0.5%	-0.2%	-0.2%	20%	**3**
Variance in I&E margin from plan	-1.6%	-1.2%	-1.6%	-1.6%	20%	**3**
Agency spend (%age above ceiling)	28.1%	28.3%	40.8%	-39.5%	20%	**1**

Lower Threshold	Higher Threshold
1.75	2.5
0	n/a
-1%	0%
-2%	-1%
25%	n/a

Weighted Score **2**

OVER RIDING RULE
Does any metric score '4'? **N**
(if so, overall rating capped at '3')

Financial Sustainability Risk Rating **2**

As discussed previously in this report, the Trust has experienced a challenging start to 2017/18, which has resulted in a reduced financial performance, however, an overall rating of ‘2’ has been retained, predominantly due to continued high cash balances and reduced agency spend in certain corporate areas.

Of particular note however, is that the Variance in I&E margin from Plan metric has fallen to -1.6%. If the score on this metric were to deteriorate further, and fall below -2.0%, this metric would score a ‘4’, which would cap the Trust’s overall rating at ‘3’ (defined as ‘moderate risk, potential license breach and investigation’).

From September 2017, NHSI will be collecting data for the new Use of Resources assessment framework, the assessment of which will include the above metrics as well as other financial based measures such as HR and Finance department costs per £100m of turnover, a measure of the efficiency of the Trust’s procurement processes and estates costs per square metre. These will be reported to the Board at the time.

It is important to note that NHSI use multiple definitions for a normalised surplus/deficit and do not normalise STF out of the Trust’s I&E Margin against Plan metric, and this metric uses the revised surplus of £2,168k. Therefore the score reflects not only the failure of the Trust to meet its normalised YTD planned surplus of £448k (based on the initial £1,330k full year surplus) but also the associated failure to secure STF income.

8. BALANCE SHEET, CASH FLOW

At the end of month 5, the Trust held cash balances totalling £43,319k. As at the end of August, the rate of interest available from depositing with the National Loans Fund was unfavourable compared to the rate the Trust receives within its current account and as a result the Trust did not have any cash on deposit.

As previously reported, liquidity levels continue to fluctuate, with volatility around cash flow timings, caused by the impact of the wider NHS financial position. It would not be unexpected if cash levels were liable to further short term volatility over the remainder of the financial year, and as a result, the Finance department is closely monitoring cashflow.

While not included in the month 5 position, the Trust disposed of a property, Hanley Rd, at auction early in month 6. This transaction will be included in the future Finance reports once the transaction is complete.

Overall the Trust continues to maintain a strong balance sheet, is actively addressing its debtor and creditor balances, and remains confident that overall liquidity is strong.

9. CAPITAL PROGRAMME

The Trust had a planned capital programme of £15,249k for 2017/18, £9,879k of which is related to the potential St Pancras re-development, which is currently at OBC stage. As at month 5, the Trust had expended £1,488k against a planned level of £2,974k, predominantly as a result of Estates based schemes coming on stream more slowly than expected.

However, at the last Estates & Capital Planning meeting a schedule was presented of proposed environmental improvement works to be undertaken prior to the CQC visit, with schemes of £650k given initial approval. These works are in addition to the agreed capital programme, and the nature of them will mean that some are not capital in nature, and will need to be charged to revenue. Initial estimates were that the revenue impact could be circa £300k, however ongoing analysis suggests that this figure could potentially increase.

A summary of the Trust's capital programme can be found in Appendix F.

10. FORECAST OUTTURN

At month 4, the Finance department constructed a forecast of the financial impacts of expected events. A continuation of month 4 expenditure patterns, without mitigation, would suggest an outturn of circa £351k deficit,

The following analysis looks at the potential key movements, including the closure of a ward to enable the development of a Women's PICU, that are expected to impact on the financial position, for the duration of the financial year, and makes dome deliberately prudent assumptions regarding their timings. However, it should be made clear that the below is not necessarily a presentation of expected financial movements, but of the potential timing and scale of movement that is required to enable the Trust to meet its full year control total:

i) <u>Average Length of Stay</u> – current trends regarding PICU/Private Placements maintained at an average of £150k per month, despite the ward closure, for the remainder of the financial year. **Potential financial saving – circa £1,120k.**

ii) <u>Opening of Women's PICU</u> – the planned opening of the Women's PICU in November will provide additional opportunities to make further reductions to outsourced PICU costs. If this development enables further reductions in PICU/Private Placements to £50k per month from (to be prudent) January onwards, it could deliver further savings. **Potential financial saving - circa £300k.**

iii) <u>Income generation from the opening of the Women's PICU</u> – the sale of beds to other providers could generate income benefits, prudently forecast from January. **Potential financial benefit – circa £141k.**

iv) <u>Pay reductions resulting from closure of Jasper ward</u> – reduction in temporary staffing resulting in overall pay savings across Inpatient areas, as a result of Jasper staff re-deployment from August until the opening of the Women's PICU (Note – no assumption is made regarding CCGs potentially trying to reclaim income for the closure). **Potential financial saving – circa £204k.**

v) <u>CQC related works</u> – as reported in section 9 above, there is likely to be a revenue impact of any environmental works undertaken prior to the CQC visit. **Potential cost – circa £300k.**

vi) <u>Further pay cost reductions</u> – the above items on their own will not be sufficient to bring the Trust back in line with its control total. Therefore further temporary staffing reductions of circa £31k per month from September (without an equivalent increase in permanent pay costs) will be required. **Potential financial saving – circa £217k.**

The above movements are summarised below:

FORECAST SUMMARY

	FY Projection £k	Duration	Plan YTD M5 £k	Act YTD M5 £k	Var £k
Forecast (surplus)/deficit	**351**				
PP/PICU saving	**-1,120**	Sep - Mar	n/a	0	0
WPICU saving	**-300**	Jan - Mar	n/a	0	0
Income generation WPICU	**-141**	Jan - Mar	n/a	0	0
Jasper - pay reductions	**-204**	Aug - Oct	-68	-3	-65
CQC Works - revenue	**300**	Prior to CQC	n/a	0	0
Further pay savings from temp staff reductions	**-217**	Sep - Mar	n/a	0	0
4cast FY position	**-1,330**				

Of the above actions, only pay reductions from the closure of Jasper were factored into month 5 forecast delivery. However, when compared to month 3 figures (the last month where the full bed base was open for the whole month), total pay costs across Acute and R&R inpatient areas have remained relatively consistent, while temporary staffing costs are higher than experienced in month 3.

The Trust is aware that there are planned property disposals for 2017/18, which may result in profits on disposal. While the Trust has prudently not based its plan to achieve the control total on the expectation of achieving profits on these two disposals, it is expected that, with appropriate marketing, both disposals will return a profit on sale. While the Trust is aware that any profits will potentially offset any financial shortfall caused by negative run rates, it is important that the Trust attempts to meet the control total through its underlying revenue position.

11. SUMMARY

The month 5 financial position shows a year to date deficit of £117k, which is behind plan by £677k.

At month 5, the Trust's reserves were fully deployed and as discussed in section 7, there was little margin remaining before a deterioration in the risk rating to a score of '3'. It is clear that run rates need to show improvement in order to ensure that a rating of '3' is maintained.

The overall financial position is partially a result of costs incurred within the PICU/Private Placements budget, but is also reflective of a poor budgetary performance across the Trust. Pressures within service and corporate areas have partially been offset by (mainly) non-recurrent underspends elsewhere.

It is clear therefore, that expenditure reductions in addition to reduced PICU/Private Placements costs are essential if the Trust wishes to return to financial balance.

Appendix A

FINANCIAL POSITION AS AT MONTH 5

	Business Unit	Annual Budget	Budget	Actual	Variance (favourable) / adverse
		A	B	C	D=C-B
		£'000	£'000	£'000	£'000
	Income				
1	Service Level Agreements	(99,822)	(41,520)	(41,520)	(0)
2	Local Authority	(13,758)	(5,720)	(5,720)	0
3	Education and Training	(16,108)	(6,704)	(6,704)	(0)
4	Research and Development	(1,459)	(703)	(703)	0
5	**SUBTOTAL CENTRAL INCOME**	**(131,148)**	**(54,648)**	**(54,648)**	**(0)**
	Expenditure				
6	Operational Divisions	64,915	27,230	29,250	2,020
7	Camden Social Services	3,596	1,498	1,701	203
8	Islington Social Services	3,130	1,268	1,077	(190)
9	Medical Directorate (incl. Pharmacy)	7,980	3,318	3,653	335
10	PWLD	1,488	620	620	0
11	Psychology SLAs	10,733	4,472	4,473	1
12	**Subtotal Direct Services**	**91,841**	**38,405**	**40,774**	**2,369**
13	Trust Headquarters (incl. Education & Training)	12,923	5,714	5,866	151
14	Central Services, SLA's & reserves	15,716	6,075	4,242	(1,832)
15	**Subtotal Central Services**	**28,639**	**11,789**	**10,108**	**(1,681)**
16	**SUBTOTAL EXPENDITURE**	**120,481**	**50,194**	**50,882**	**688**
17	**NORMALISED EBITDA**	**(10,667)**	**(4,454)**	**(3,766)**	**688**
18	Depreciation	5,200	2,167	2,167	0
19	Dividend Payment	4,171	1,738	1,738	0
20	Interest Received	(40)	(17)	(27)	(11)
21	Interest - unwinding of discount on provisions	6	6	6	0
22	**NORMALISED (SURPLUS) / DEFICIT**	**(1,330)**	**(560)**	**117**	**677**
23	Normalised Income - STF	(838)	(238)	0	238
24	**RETAINED (SURPLUS) / DEFICIT**	**(2,168)**	**(798)**	**117**	**915**

Appendix B

OPERATIONAL DIVISIONS EXPENDITURE POSITION AS AT MONTH 5

Line Ref	Operational Service	Annual Budget	Budget	Actual	Variance (favourable) / adverse
		A	B	C	D=C-B
		£'000	£'000	£'000	£'000
1	Acute Services	20,193	8,427	9,148	722
2	Private Placements/PICU	1,334	584	1,595	1,011
3	Community Mental Health	13,894	5,968	5,932	(36)
4	Rehabilitation & Recovery	14,421	5,968	6,469	501
5	Services for Ageing & Mental Health	7,552	3,154	3,055	(98)
6	Substance Misuse	4,765	1,985	1,944	(41)
7	Operational Services Management	2,757	1,144	1,107	(38)
8	**TOTAL OPERATIONAL SERVICES**	**64,915**	**27,230**	**29,250**	**2,020**

Appendix C

BALANCE SHEET AS AT MONTH 5

		Current	as at 31.03.17	Movement
		A	B	C=A-B
		£'000	£'000	£'000
	NON CURRENT ASSETS			
1	Property, plant and equipment	120,774	121,453	(679)
2	**TOTAL NON CURRENT ASSETS**	**120,774**	**121,453**	**(679)**
	CURRENT ASSETS			
3	Stocks	0	0	0
4	Receivables - NHS	9,054	7,097	1,957
5	Receivables - Non NHS	2,618	2,547	71
6	Non current assets held for sale	1,000	1,000	0
7	Cash at bank and in hand	43,319	44,526	(1,207)
8	**TOTAL CURRENT ASSETS**	**55,991**	**55,170**	**821**
	CURRENT LIABILITIES			
9	Payables - NHS	(4,915)	(5,219)	304
10	Payables - Non NHS	(17,763)	(17,198)	(565)
11	Provisions for liabilities and charges	(207)	(209)	2
12	**TOTAL CURRENT LIABILITIES**	**(22,885)**	**(22,626)**	**(259)**
	NON CURRENT LIABILITIES			
13	Provisions for liabilities and charges	(48)	(48)	0
14	**TOTAL NON CURRENT LIABILITIES**	**(48)**	**(48)**	**0**
15	**TOTAL ASSETS EMPLOYED**	**153,832**	**153,949**	**(117)**
	TAXPAYERS EQUITY			
16	Public dividend capital	60,348	60,348	0
17	Revaluation reserve	52,640	52,640	0
18	Income and expenditure reserve	40,844	40,961	(117)
19	**TOTAL TAXPAYERS EQUITY**	**153,832**	**153,949**	**(117)**

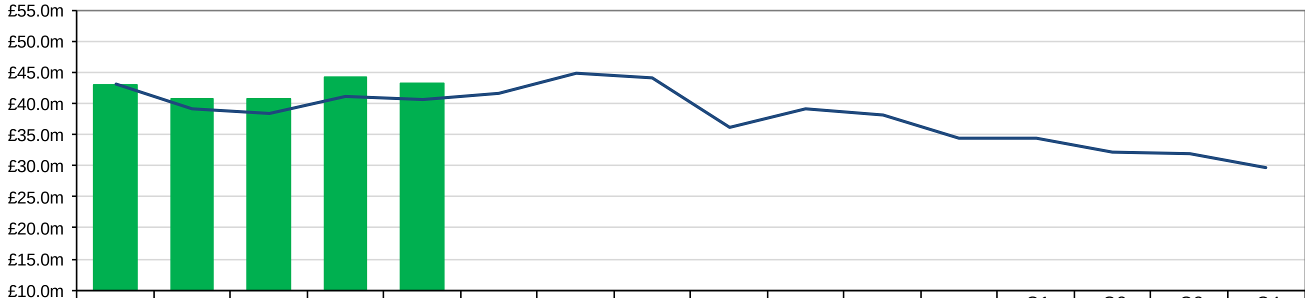
Appendix D

CASH FLOW STATEMENT AS AT MONTH 5

		£'000
1	**TOTAL OPERATING SURPLUS / (DEFICIT)**	**1,599**
2	Depreciation & Impairments	2,167
3	(Increase)/decrease in stocks	0
4	(Increase)/decrease in receivables	(2,028)
5	Increase/(decrease) in payables	(1,316)
6	Increase/(decrease) in provisions	(2)
7	**NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES**	**420**
	RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:	
8	Interest received	27
9	Interest paid	0
10	**NET CASH INFLOW/(OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**	**27**
	CAPITAL EXPENDITURE:	
11	(Payments) to acquire fixed assets	(1,654)
12	Receipts from sale of fixed assets	0
13	**NET CASH INFLOW/(OUTFLOW) FROM CAPITAL EXPENDITURE**	**(1,654)**
14	**DIVIDENDS PAID**	**0**
15	**NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING**	**(1,207)**
	FINANCING:	
16	New public dividend capital received	0
17	Public dividend capital repaid	0
18	**NET CASH INFLOW/(OUTFLOW) FROM FINANCING**	**0**
19	**INCREASE/(DECREASE) IN CASH**	**(1,207)**

CASH AND LIQUIDITY

In year cash balances (including deposits)



	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Q1 18/19	Q2 18/19	Q3 18/19	Q4 18/19
Actual cash	£43.0m	£40.9m	£40.8m	£44.1m	£43.3m											
Planned cash	£43.0m	£39.1m	£38.5m	£41.2m	£40.6m	£41.7m	£44.8m	£44.1m	£36.2m	£39.1m	£38.2m	£34.5m	£34.4m	£32.1m	£32.0m	£29.7m

Note: Future looking cashflows include SPH re development costs - the scheme is currently at OBC stage and figures have been taken from plans submitted to NHSI. These will have to be worked through and refined once FBC stage is reached

Appendix F

CAPITAL PROGRAMME AS AT MONTH 5

		17/18 Plan £'000	17/18 Committed £'000	17/18 YTD Plan £'000	17/18 YTD Actual £'000	*YTD Var v Plan* £'000	
	IT Projects						
1	Network Upgrade	360	406	130	149	*19*	Project commencing
2	Hardware Refresh	408	180	170	44	*-126*	Full allocation not agreed yet
3	Unified Communication (upgrade current telephony environment)	204	0	84	0	*-84*	No plans agreed yet
4	EPR Clinical System Enhancements	252	124	105	130	*25*	Developing CareNotes
5	E mail environment and Office 365	130	0	46	0	*-46*	No plans agreed yet
	Estates Projects						
6	Trustwide	970	554	712	356	*-356*	Includes H&S, infection controll, asbestos, security
7	SPH Site	660	212	426	44	*-382*	Backlog maintenance and electrical infrastructure works
8	SPH West Wing	50	150	50	114	*64*	Improvements to common areas
9	HMHC Schemes	270	686	241	84	*-157*	Includes Pharmacy plans
10	Community properties	271	200	187	103	*-84*	Backlog works
11	Environment schemes	125	64	108	20	*-88*	Projects progressing
12	16/17 Schemes brought forward	400	461	400	367	*-33*	Various schemes brought forward from 16/17
13	SPH Redevelopment	9,879	0	265	0	*-265*	Assumed that costs will be capitalised once OBC stage is approved
14	HMHC Female PICU	740	453	20	77	*57*	Specification of scheme progressing. Tender agreed
15	HMHC Section 136 Suite	530	0	30	0	*-30*	Specification of scheme progressing
16	**Total**	**15,249**	**3,490**	**2,974**	**1,488**	**-1,486**	