

# Integrated Performance Report

## M1 2017-2018 Executive Summary

### Risk ratings

#### Financial Use of Resources Rating:

17/18 Plan:	YTD	FY	Performance:	YTD
	2	2	Current	<b>3</b>
			Previous Mth	

#### Summary Performance:

- The Trust has recorded a YTD loss of £5.2M, which is £3.3M worse than the planned loss of £1.9M
- Use of resources metric : a rating of 3 against a plan of 2
- The Trust plan assumes an increase in CIPs later in the YTD, this is reflected by a phasing adjustment of £1.7M in April
- The cash balance of £153.0M is an increase of £13m from last month.due to increases in working capital

### Summary Income & Cash Flow vs Plan

£m	2017/18			Previous Month	
	Plan	Actual	Variance	Actual	Variance
Operating Income for EBITDA	119.1	110.3	(8.8)		
Employee Expenses	(66.5)	(65.4)	1.0		
All other operating expenses	(49.1)	(43.2)	5.9		
<b>EBITDA</b>	<b>3.4</b>	<b>1.6</b>	<b>(1.9)</b>		
<b>Surplus/(Deficit) pre exceptionals</b>	<b>(1.9)</b>	<b>(5.2)</b>	<b>(3.3)</b>		
Net Surplus/(Deficit)	(1.5)	(4.8)	(3.3)		
EBITDA %	100.0%	45.7%	(54.3%)		
Capital Expenditure <sup>1</sup>	8.6	3.7	4.9		
Net Cash Flow <sup>1</sup>	(8.0)	13.0	21.0		
Cash & Cash Equivalents <sup>1</sup>	153.7	153.0	(0.7)		
CoSRR Liquidity Days	21.0	25.4	4.4		
CIP Performance %					
Net Current Assets <sup>1</sup>	101.4	113.4	12.1		
Borrowings <sup>1</sup>	(228.2)	(221.2)	7.0		

1. Plan is set Quarterly with NHSI - Monthly plan is extrapolated

### Key risks

#### Financial Performance

- Contract monitoring reports were not available at the time of producing the accounts. The YTD position reports the Trust as £4.8M below its over performance target; £1.0M is attributable to pass through drugs, the remainder the impact of Easter and reduced activity due to Anaesthetic cover
- Clinical Directorates are £0.2M ahead of plan, but this position does not fully reflect the impact of performance against clinical commissioning contracts within their reported position.
- Corporate Directorates are £1.0M behind plan , a position significantly worse than expected.
- The back-phased plan assumes that £1.7M of the currently unidentified CIPs will be identified during the remaining months
- Based on current financial performance no the Trust would not receive S&T baseline funding and £1.1M has not been recognised in April.
- The cash balance of £153.0M is an increase of £13m from last month due to increases in working capital

### Action taken / committed

- Fit for the Future work streams and the Transformation team through the Director of Improvement continue to work with Directorates to support the development and implementation of their efficiency plans.
- Directorate planning assumptions have been reviewed and where deemed appropriate additional opportunities have been identified through vacancy factors and further expenditure reductions.
- Performance review meetings continue to be held with all clinical directorates to ensure progress toward targets are on track and actions are in place to close any shortfalls.

### Gaps and residual concerns

- Whilst significant progress has been made to address the £90.0M efficiency requirement, there remains a gap, where further opportunities are required to be identified to fully meet the planned target.
- The plan assumes that further opportunities will be identified through income recovery and the balance sheet. These are to be confirmed
- Ability to meet the financial control total and achieve the S&T baseline funding.



# Integrated Performance Report

## M1 2017-2018 Use of Resources Metric

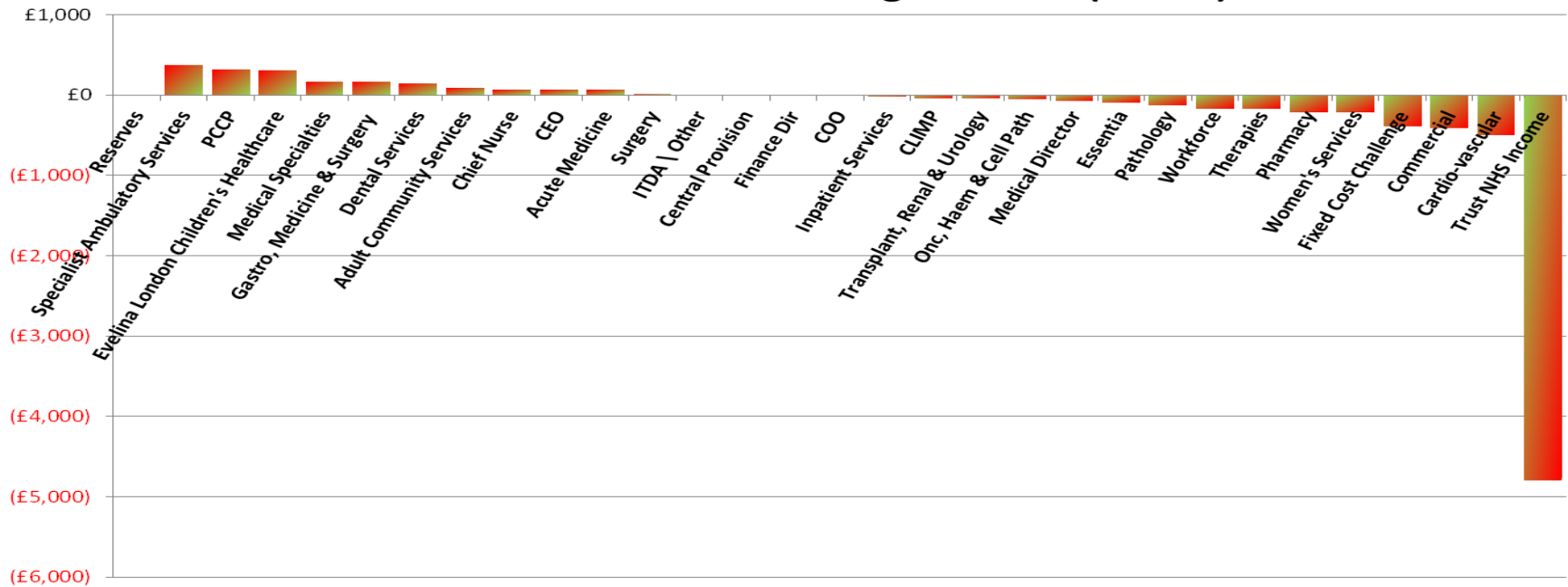
### Page 2 - Single Oversight Framework - finance and use of resources metrics

Area of review		Key Highlights	Use of Resources Metric		
			Month 01 Plan	Month 01 YTD	Annual Plan
OVERALL Weighted Risk Rating		<ul style="list-style-type: none"> <li>The overall Weighted Risk Rating is calculated as an average of the five metrics below, each having an equal weighting. However, if an individual metric is rated as four, then the highest rating that can be achieved is a three</li> <li>YTD the Weighted Risk rating is calculated as 2.8 which rounds to a three. This is consistent with the over-riding rule noted above where three of the metrics have been rated as a four.</li> </ul>	2	3	2
Financial sustainability	Capital service Capacity 20%	<ul style="list-style-type: none"> <li>The degree to which generated income covers financial obligation</li> <li>YTD: cover of 0.7 is achieved against a plan of 2.1 and is rated a four</li> </ul>	2	4	1
	Liquidity (days) 20%	<ul style="list-style-type: none"> <li>Days of operating costs held in cash or cash equivalent forms, including available credit</li> <li>YTD: 25.38 days cover is achieved against a plan of 20.96 days and is rated a one</li> </ul>	1	1	2
Financial efficiency	I& E Margin 20%	<ul style="list-style-type: none"> <li>I&amp;E surplus or deficit \ total revenue</li> <li>YTD: a margin of -0.87% has been achieved against a plan of -0.95% and is rated four</li> </ul>	3	4	1
Financial controls	Distance from financial plan 20%	<ul style="list-style-type: none"> <li>I&amp;E surplus or deficit in comparison to the planed surplus \ deficit</li> <li>YTD: a variance of -2.92% is achieved against a plan of 0.76% and is rated four</li> </ul>	1	4	1
	Agency spend 20%	<ul style="list-style-type: none"> <li>Distance from providers cap</li> <li>YTD: the Trust is 1% below the agency ceiling (£414K)</li> <li>NB: this assumes the same overall value and phasing as FY 2016/17 which is to be confirmed</li> </ul>	2	1	3

# Integrated Performance Report

## M1 2017-2018 Directorate Performance

**YTD Performance against Plan (£'000s)**



### Year to Date Financial Performance: £3.3M Adverse to plan

- YTD the Trust has recorded an Underlying loss of £5.2M, which is £3.3M worse than the planned loss of £1.9M. Donated capital receipts of £0.4M are in line with the equally phased plan.
- This chart records the performance of each directorate against its agreed target. The performance will comprise the directorates performance against its CIP programme as well as in year variances to plan associated with its service delivery.
- A more detailed analysis of the underlying causes is provided to the Trust Management Executive for their consideration through the monthly finance report
- The performance of clinical directorates is reviewed on a rolling basis with the COO, and senior representatives from Finance, the Chief Nurse, the Medical Director and Workforce. Any required actions are discussed and agreed at those meetings
- The performance of corporate directorates is reviewed on a quarterly basis with the Executive Directors.

# Integrated Performance Report

## M1 2017-2018 Directorate Commentary

	Month 1 Directorate YTD	
Acute Medicine	£64	<p><b>Year To Date:</b> The unidentified CIP accounts for £87k (adverse) of the YTD variance. Operating Income is £95k ahead of plan. Pay, net of vacancy factor, is £48k overspent. Non-pay break even. Indirect Costs (Internal Recharges) are underspend by £112k due to lower charges for occupied bed days, imaging and therapies</p> <p><b>Action:</b> The Directorate Management Team continue to develop strategies for addressing the unidentified CIP value of £1.0m</p>
Adult Community Services	£89	<p><b>Year To Date:</b> The unidentified CIP accounts for £55k (adverse) of the YTD variance. This is offset by an underspend of £110k in pay (net of vacancy factor) which equates to £187k in month. Non Pay is underspent by £62k.</p> <p><b>Actions:</b> The directorate is committed to delivering its own CIP programme, the 1% cost reduction CIP as well as the unidentified CIP of £657k.</p>
Cardio-vascular	(£503)	<p><b>Year To Date:</b> The unidentified CIP accounts for £192k (adverse) of the YTD position. NHS Income is reported at break-even, although local activity information suggests a favourable income position of £440k. Non-pay is £290k overspent, including £80k pass through expenditure. There is a further £150k impact of Omnicell stock adjustments which are currently being investigated by Procurement. Pay, net of vacancy factor, is £65k overspent, driven by Medical staff overspends (£50k) in relation to 2016/17 charges.</p> <p><b>Actions:</b> Progress on realising current CIPs is being monitored fortnightly with the full support of both the General Manager and Service Managers. The directorate is also working closely with the clinical coding teams to identify further income opportunities.</p>
CLIMP	(£39)	<p><b>Year To Date:</b> The unidentified CIP accounts for £26k (adverse) of the YTD position. Indirect Costs (SLR recharges) are £239k overspent. Pay, net of vacancy factor, is £68k overspent explained by vacancies which is partially offsetting a vacancy factor target of £179k. NMET and Clinical Scientist funding is yet to be included, which would bring the overspend down to £25k. Non Pay is £314k underspent mainly due to underspends on medical and surgical supplies.</p> <p><b>Action:</b> The DMT continues to develop strategies for addressing the unidentified CIP value of £313k, the £901k additional vacancy factor and to review maintenance contract schedules with finance.</p>
Dental Services	£145	<p><b>Year To Date:</b> NHS Income is set to plan this month, Operating Income is £24k behind plan, Pay, net of vacancy factor, is £81k underspent. Non pay is £55k underspent, driven by clinical supplies. Indirect Costs are £50k underspent (Internal Recharges). The reported underspends for Non pay and Indirect Costs correlates with the lower activity levels seen in April..</p> <p><b>Actions:</b> Continue collaborative working with KCL to ensure that the postgraduate students continue to help deliver the income plan.</p>

# Integrated Performance Report

## M1 2017-2018 Directorate Commentary

	Month 1 Directorate YTD	
<b>Evelina London Children's Healthcare</b>	<b>£308</b>	<p><b>Year To Date:</b> The unidentified CIP accounts for £82k (adverse) of the YTD variance. NHS income is not yet available and has been assumed to be on plan, although activity in April is expected to be relatively low due to the Easter holiday. Private patient income is £120k behind plan with no HDU patients in April. Pay, net of vacancy factor, is £200k underspent with nursing vacancies across the Community and Medicine &amp; Neonatology directorates. Non-pay is £200k underspent due to low clinical supplies and payments received from network clinics reducing bad debt provision. Recharges are £120k underspent across theatres, imaging and pathology and are expected to be in line with low April activity.</p> <p><b>Actions:</b> Activity is being monitored weekly to deliver the 2017/18 plans, and the directorates are working on ensuring their CIP and growth initiatives</p>
<b>Gastro, Medicine &amp; Surgery</b>	<b>£162</b>	<p><b>YTD:</b> Pay, net of vacancy factor, is £79k underspent driven by vacancies in Nursing. Non pay (net of drug pass through income) is £72k overspent due to higher than trend drug spend in GI Surgery. Indirect Costs are £134k underspent (driven by Theatres &amp; Anaesthetics recharges, Imaging and pathology).</p> <p><b>Actions:</b> The DMT plan to recruit to vacancies in order to meet activity plan. There is an ongoing weekly review of activity numbers by service.</p>
<b>Inpatient Services</b>	<b>(£21)</b>	<p><b>Year To Date:</b> The unidentified CIP accounts for £41k (adverse) of the YTD variance. Pay, net of vacancy factor, is £10k overspent. Non-pay spend (including internal recharges) is on plan.</p> <p><b>Action:</b> The Directorate Management Team continue to develop strategies for addressing the total unidentified savings of £124k.</p>
<b>Medical Specialties</b>	<b>£167</b>	<p><b>Year To Date:</b> The unidentified CIP accounts for £10k (adverse) of the YTD variance. Pay, net of vacancy factor, is underspent by £64k and non-pay (including internal recharges) is £159k underspent, attributable to clinical supplies, medical imaging and ward recharges</p> <p><b>Action:</b> The DMT continue to develop strategies for addressing the total unidentified savings of £489k with weekly meetings focussing on improvements to operational throughput.</p>
<b>Onc, Haem &amp; Cell Path</b>	<b>(£55)</b>	<p><b>Year To Date:</b> The unidentified CIP accounts for £105k (adverse) of the YTD variance. Pay, net of vacancy factor, is £144k underspent due to vacancies in nursing and A&amp;C. NHS income, including drug and blood pass-through income, is £425k behind plan. Operating income is £123k behind plan due to lower than expected Cellular Pathology income. Non pay is £323k underspent, pass-through drug costs are £401k underspent, bad debt provisions are £116k underspent whilst clinical supplies £222k over spent . Indirect costs (Internal recharges) are £130k overspent. Budget phasing will be actioned for month 2 reporting.</p> <p><b>Actions:</b> The DMT is meeting fortnightly to review progress against plan, sanction recruitment requests and consider strategies for addressing the unidentified CIP. Weekly financial huddles are in place scrutinising activity and establishment reviews will be taking place.</p>

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## M1 2017-2018 Directorate Commentary

	Month 1 Directorate YTD	
Pathology	(£132)	<p><b>Year To Date:</b> "Cap and Collar" has presented an adverse variance of £160k. Blood is overspent by £30k. Internal pathology income recovered from clinical directorates, for testing provided, is £130k behind plan, partly offset by an underspend of £80k for activity related payments made to Viapath. The position also includes prior year benefits totalling £105k.</p> <p><b>Actions:</b> Ongoing issues cover resolution of commercial issues with Viapath, in particular with regards to novated activity.</p>
PCCP	£313	<p><b>Year To Date:</b> The unidentified CIP accounts for £162k (adverse) of the YTD variance. NHS income is break-even in month however, the underlying NHS income position is projected to be £720k behind plan. This is mainly due to Critical &amp; ECMO under performance. Theatres Income is £156k behind plan in month driven by reduced surgical activity and delayed start to planned new lists. Pay, net of vacancy factor, is £155k underspent. This is driven by Nursing pay (£156k underspent - vacancies) and Medical Pay (£135k underspent - vacancies). Non Pay is £515k underspent, £255k relating to prior year bad debt benefits and £176k relating to Clinical Supplies due to reduced activity. Indirect Costs are £60k underspent (Private Patient Recharges)</p> <p><b>Actions:</b> The directorate are monitoring CIP's closely to ensure the current slippage will not deteriorate further and are actively seeking further opportunities to reduce the directorates planning gap.</p>
Pharmacy and Medicines M'gmt.	(£213)	<p><b>Year To Date:</b> Operating Income is £109k behind plan, mainly in drug stores and pharmacy production. Pay, net of vacancy factor, is £72k overspent with NMET funding yet to be included. This would reduce the pay overspend down to £20k. Non pay is £27k overspent driven by drug costs.</p> <p><b>Action:</b> The DMT continues to develop strategies for addressing the HPTP CIP of £542k and the additional vacancy target of £317k. Also to review operating income schedules with finance.</p>
Specialist Ambulatory Services	£372	<p><b>Year To Date:</b> Pathology is £300k underspent driving the YTD favourable position. However, £200k of this is due to budget phasing having not yet taken place. Drug costs are £600k underspent, which is mostly offset by Drugs Income being £550k behind plan. Pay is on plan at month 1 after allowing for the Directorate's vacancy factor. NHS Income, excluding drug income, has been set at plan for month 1, however it is likely to be behind plan due to Easter bank holidays in April.</p> <p><b>Actions:</b> The DMT plan to recruit to vacancies in order to meet activity plan. There is an ongoing weekly review of activity numbers by service.</p>
Surgery	£15	<p><b>Year To Date:</b> The unidentified CIP accounts for £84k of the YTD variance. Pay, net of vacancy factor, is £51k underspend, due to recruitment delays. Indirect Costs are underspent by £190k, due to the reduced number of working days in April. These favourable variances are offset by a £128k overspend on non-pay..</p> <p><b>Actions:</b> The directorate aims to recover activity by setting internal booking targets and arranging group booking sessions to increase admissions. Progress on realising current CIPs is being monitored weekly and progress against the unidentified savings gap of £1.0m is expected.</p>

Variance: Favourable \ (Adverse)

# Integrated Performance Report

## M1 2017–2018 Directorate

Month 1  
Directorate  
YTD

Therapies	(£179)	<p><b>YTD:</b> Pay is £769k under spent, explained by vacancies across Physiotherapy, Occupational Therapy and Foot Health. NHS Income is £366k ahead of plan &amp; Internal SLM Income is £681k behind plan across ( notably for services provided to General Medicine and Evelina London) .</p> <p><b>Actions:</b> Continued focus on optimising clinical capacity in Q4.</p>
Transplant, Renal & Urology	(£41)	<p><b>YTD:</b> The unidentified CIP contributes £1.25m toward the adverse position. In addition, NHS income is £1.2m behind plan (kidney transplants and urology elective). Other variances for noting are non-pay £675k over spent (drug costs, recovered in income) &amp; Internal recharges £475k under spent (pp income £140k, Imaging &amp; bed days £160k &amp; £187k under spent respectively).</p> <p><b>Actions:</b> Service teams are reviewing activity capture processes where there has been incomplete recording, to make these more robust going forwards. The Directorate continue to consider opportunities to reduce unidentified CIP of (£1.4m).</p>
Women's Services	(£218)	<p><b>Year To Date:</b> The unidentified CIP accounts for £123k (adverse) of the YTD variance. NHS income is not yet available and has been assumed to be at plan. Pay, net of vacancy factor, is £154k overspent with midwifery nursing spend continuing at the quarter 4 trend and non-recurrent consultant pay arrears. Non-pay is £45k underspent mainly within Gynaecology clinical supplies. Indirect costs (Internal recharges) are £100k underspent due to theatres and pathology. The low expenditure in non-pay and recharges is expected to be as a result of low Gynaecology activity, as indicated in the weekly magic numbers.</p> <p><b>Actions:</b> The Directorate is working on ensuring their CIP initiatives are set to start in line with the business plan.</p>
Chief Executive	£68	<p><b>YTD:</b> The reported position includes those budgets under the remit of the Chief Digital Information Officer. The current under spend is driven by vacancies and non pay under spends against the CEO and Transformation budgets.</p> <p><b>Actions:</b> savings yet to be identified total £215K and will need to be addressed to remain within financial balance, to date current vacancies have helped mitigate these.</p>
Chief Nurse	£70	<p><b>YTD:</b> The current under spend is driven by vacancies and the release of a prior year accrual.</p> <p><b>Actions:</b> savings yet to be identified total £252K and will need to be addressed to remain within financial balance, to date current vacancies and the release of the prior year accrual have helped mitigate these.</p>
Chief Operating Officer	(£10)	<p><b>YTD:</b> The current over spend is driven by agency usage, which in part has been off-set by vacancies.</p> <p><b>Actions:</b> savings yet to be identified total £354K and will need to be addressed to remain within financial balance along with the use of agency staff.</p>

Variance: Favourable \ (Adverse)

# Integrated Performance Report

## M1 2017–2018 Directorate

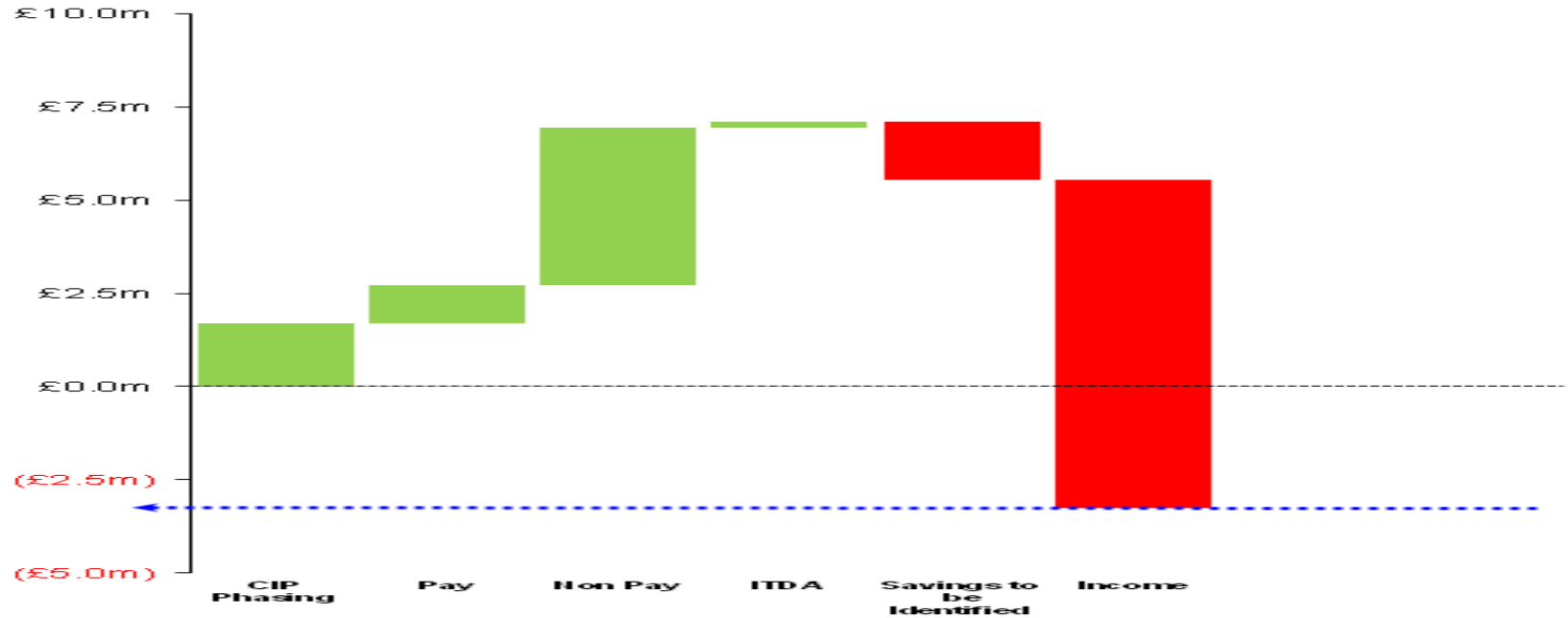
		Month 1 Directorate YTD
Director of Essentia	(£97)	<p><b>Year To Date:</b> The Reported position is being driven by un-achieved CIP's (2016/17 £141k, 2017/18 £358k) mainly within Essentia Director, COO and Operations. Additionally, Patient Transport income has been assumed to be plan for month 1, whilst Pay and Non-Pay have overspent by £42k. The reported adverse positions have been partially off-set by an underspend in E&amp;U of £383k, relating to benefits from Triad YE reconciliation £302k and lower than expected Gas bills £69k. Essentia Community have also reported a favourable position due to recovery of Prior Year Bad Debt (£32k) and underspends against GSTT properties and Facilities contracts (£57k).</p> <p><b>Actions:</b> The Directorate are actively monitoring the slippage in CIPs as part of the Directorate huddle process.</p>
Fixed Cost Challenge	(£393)	<p><b>Year To Date:</b> The unidentified CIP accounts for £97k of the YTD variance. In addition, there is slippage against both 2017/18 &amp; 2016/17 CIP schemes totalling £263k (2017/18 - £185k, 2016/17 - £78k).</p>
Director of Finance	(£3)	<p><b>YTD:</b> overall no major vacancies although staff vacancies have currently mitigated shortfalls against external income targets</p> <p><b>Actions:</b> to ensure external income targets are achieved and that the planned additional contribution is realised.</p>
Medical Director	(£71)	<p><b>YTD:</b> unmet external income targets and unbudgeted medical pay associated with hospital at night costs and vacancy factor targets not being fully realised are the main drivers of current performance.</p> <p><b>Actions:</b> to ensure external income targets are achieved and that the planned additional contribution is realised and to review the correct allocation of the hospital at night costs. Savings yet to be identified total £308K and will need to be addressed to remain within financial balance</p>
Commercial Director	(£411)	<p><b>YTD:</b> further contribution opportunities are necessary to improve the current position, this represents £225K to date. Some shortfalls against planned income targets and a potential understatement where accruals information had not been received.</p> <p><b>Actions:</b> to work with the clinical directorates to identify further contribution opportunities to address the current required increase of £2.7M</p>
Director of Workforce	(£176)	<p><b>YTD:</b> £63K of expenditure recorded where either the costs are to be recharged to Hosted services or where funding will be allocated in month two. External income targets were not met in full .</p> <p><b>Actions:</b> to ensure external income targets are achieved and that the planned additional contribution is realised and to review the correct allocation of Hosted services costs . Savings yet to be identified total £354K and will need to be addressed to remain within financial balance</p>

**Variance: Favourable \ (Adverse)**



# Integrated Performance Report

## M1 2017–2018 Bridge Analysis

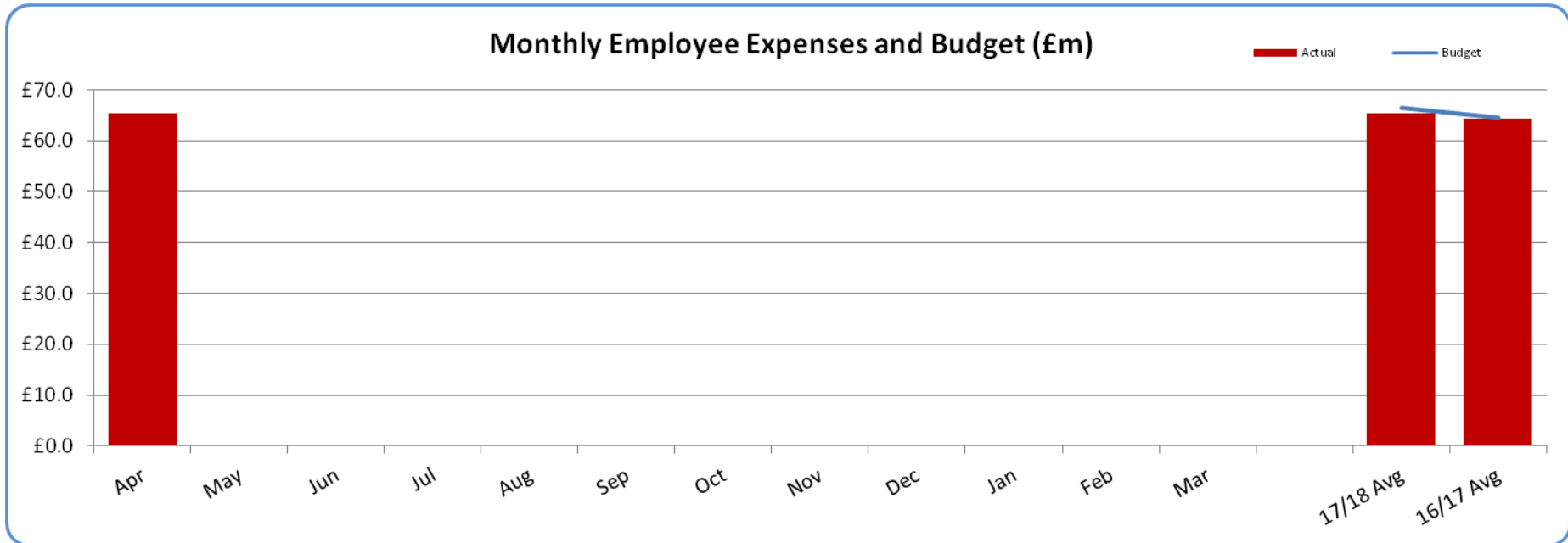


### Bridge Analysis

- **Summary:** the Trust has recorded an Underlying loss of £5.2M, which is £3.3M worse than the planned loss of £1.9M. Donated capital receipts of £0.4M are in line with the equally phased plan.
- **CIP Phasing £1.7M favourable:** the Trust plan assumes an increase in CIPs later in the YTD, this is reflected by a phasing adjustment of £1.7M at April
- **Pay £1.0M under spent:** April pay bill £65.4M, includes an accrual for the national pay award and the costs of the apprenticeship levy. To date pay budgets, net of vacancy factors are £1.0M underspent, this excludes budgets where savings are yet to be identified (see below).
- **Non Pay £4.2M under spent:** the most significant favourable variances are due technical adjustments such as internal recharges of £0.5M and an improvement in provisions for outstanding debts of £1.2M. Drugs £1.0M under spent, primarily due to pass through drugs and off-set by a reduction in commissioning income. Clinical Supplies £0.4M under spent, again linked to reduced clinical activity, in part due to the Easter holiday
- **ITDA £0.2m under spent : no significant variances to note**
- **Savings to be Identified £1.6m adverse :** Clinical and Corporate Directorates are required to identify a further £18.6M of savings \ income growth in order to balance their agreed business plans. £1.6M (1/12th)
- **Income £8.8M below plan:**
  - Commissioning income in April has been assessed as £4.8M less than plan driven by the impact of the Easter holiday period, a reduction in anaesthetic cover and a reduction in pass through drugs.
  - NHSI Funding: the Trust is negotiating for additional funding, this has not been confirmed and underperformance of £0.5M is reported.
  - S&T Funding: current financial performance indicates the Trust is not eligible for £1.1M. This position is recoverable with an improvement in future months.
  - other areas of income under performance include research activities and non patient care contracts.

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## M1 2017-2018 Employee Expenses

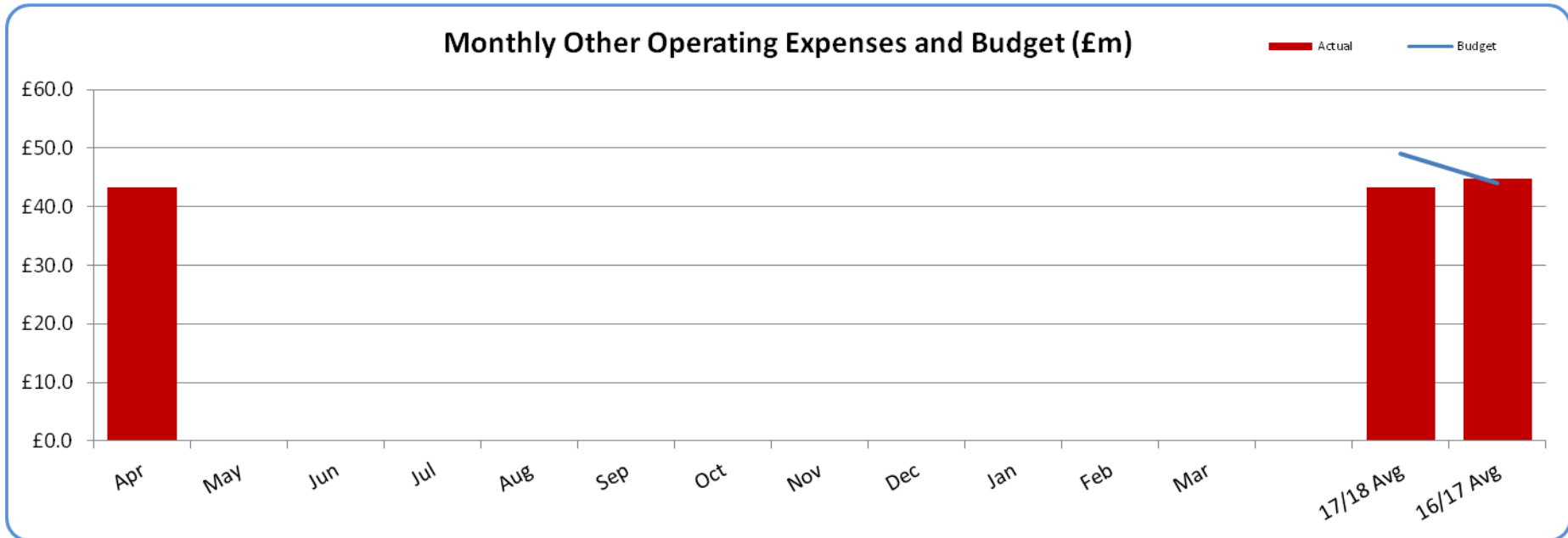


### Monthly Employee Expenses

- April pay bill £65.4M, includes an accrual for the national pay award and the costs of the apprenticeship levy
- Net of planned vacancy factors, pay budgets are £1.0M under spent.

# Integrated Performance Report

## M1 2017-2018 Other Operating Expenses



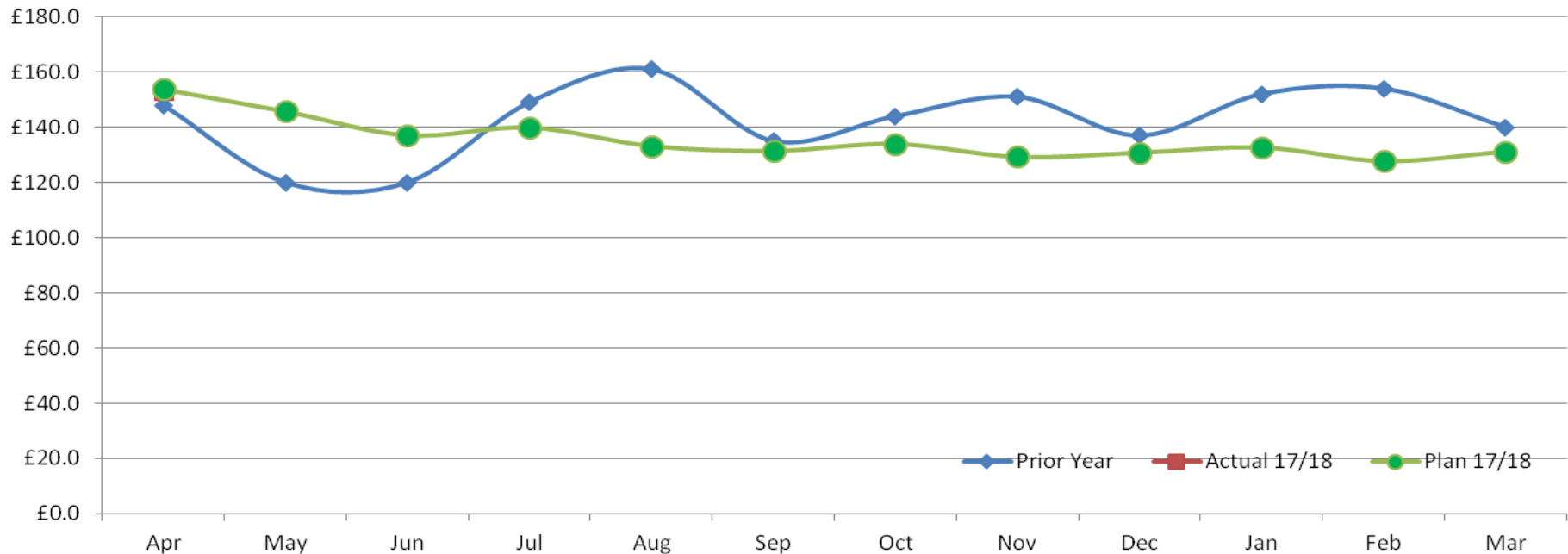
### Monthly Other Operating Expenses

- Operating Expenses at April were £43.2M, which is £5.9M below plan
- Provisions £1.2m (F): recovery of prior year outstanding debt across a range of clinical and corporate departments
- Drug costs £1.0m (F): under spend mainly driven by pass through costs, off-set by a reduction in commissioning income.
- Clinical Supplies - £0.4M (F) in line with lower clinical activity levels across a range of services
- CIP Phasing £1.7m (F): the financial plan assumes an increase in CIP delivery over the final three quarters of the year

# Integrated Performance Report

## M1 2017-2018 Cash Flow

### Cash - Actual Cash vs Plan and Prior Year (£m)



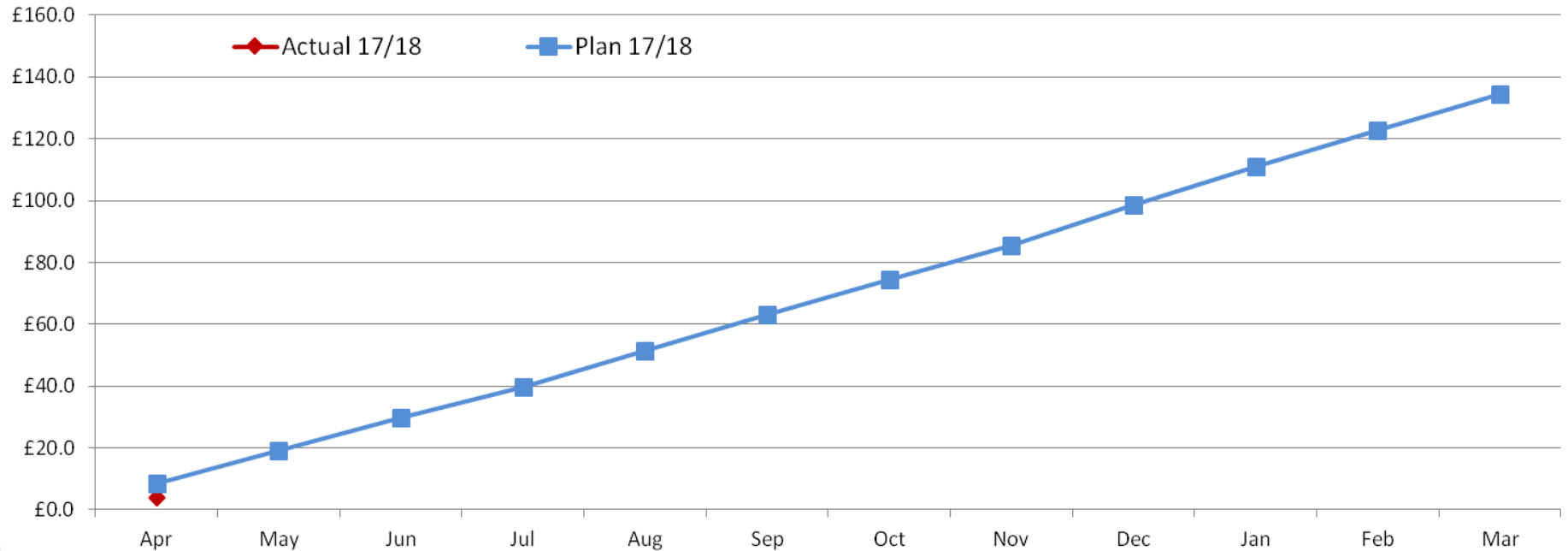
### Cash Flow

- The graph above shows the actual cash and cash equivalents held by the trust. The plan is set Quarterly with NHSI.
- The cash balance at the end of April is £153M, which has increased by £13m from last month, and is £0.7M behind plan.
- The finance team monitor the cash balances on a daily basis and on a weekly basis the payment of supplies, also liaising with capital projects to identify when large contractual payments are due.

# Integrated Performance Report

## M1 2017-2018 Capital Expenditure

### Capital - Cumulative Spend Monitor Plan (£m)



### Capital Expenditure

- The Trust plan is for £134.3m of funding available for capital projects for the year 2017/18
- The capital spend as at the end of April is £3.7m which is £4.9M behind plan
- The capital schemes in the Trust are monitored monthly by the IPB who also review additional capital schemes.
- A 5 year capital plan has been submitted to NHSI laying out plans and aspirations for the trusts capital expenditure and development of the trusts estate.