

Finance Report (Month 5)

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| Trust Board – Part 1 | Item: 7.3.1 |
| 25th September 2013 | Enclosure: E1 |
| Purpose of the Report: | |
| To update the Board on the Trust's financial position at the end of Month 5 | |
| For: Information <input checked="" type="checkbox"/> Assurance <input type="checkbox"/> Discussion/decision <input type="checkbox"/> For Approval <input type="checkbox"/> | |
| Sponsor (Executive Lead): | Simon Milligan, Director of Finance and Information |
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| Risk Implications – Link to Assurance Framework or Corporate Risk Register: | BAF Objective 8: To deliver the 2013/14 financial plan |
| Link to relevant Corporate Objective | Corporate Objective 5.1 – To deliver the 2013/14 financial plan |
| Document Previously Considered By: | |
| Recommendations: The Board is asked to consider the Trust's month 5 financial position | |



Kingston Hospital NHS Trust

Finance Report
August 2013 (Month 5)

Trust Board: 25th September 2013

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EXECUTIVE SUMMARY

In August the Trust reorganised the management responsibilities of the clinical divisions. These moved from four clinical divisions to three, the Surgery and Critical Care division was split between the other three directorates as outlined on page 7. To reflect the changes planned later in the year the divisions are shown with their new name Medicine and Emergency Care becomes Emergency Services, Women and Child Health is Specialist Services and Ambulatory Care is Clinical Support Services. The information in this report is provided under the new management structure however where possible tables showing the financial position under the old structure have been provided.

Overall the Trust has performed on plan in Month 5. This represents a slowing in overperformance from the previous three months which were each approximately £0.2m above the planned surplus. The key movement was in patient care income, which was lower than in previous months. Expenditure did not decrease in proportion to the income drop. In month EBITDA was on plan at £1.1m. Year to date EBITDA is still favourable at £6.0m compared to £5.4m plan.

The key movements in month were:

Income overall performance is favourable £0.2m.

In month NHS patient care income performed on plan. This is a reduction compared to previous months which showed high non elective overperformance. In month there has been overperformance on non-elective, critical care and outpatient income however this has been offset by a large underperformance in elective and day case income. Elective income has underperformed by £0.4m. Critical care income over performed by £0.2m as a high number of long stay patients were discharged in August. Non Elective income over performed in Emergency Services by £0.2m, this continues the overperformance seen in the last 3 months due to higher activity.

Pay Expenditure adverse by £0.1m.

Pay costs have increased in August compared to July. The main area of overspend continues to be in nursing and midwifery which was £0.2m overspent in month. Of this £0.1m was on medicine wards which overspent on specials for frail elderly patients, additional costs incurred due to an infection on the wards and double running costs for new starters. There was also high spend in AAU to cover additional trolleys above the 50 that were funded. It was necessary to have additional trolleys due to the high non elective activity. A number of vacancies in clinical and corporate areas are helping to reduce the overspend.

Non Pay Expenditure adverse by £0.1m.

This was due to a number of factors. All areas of the Trust overspent on drugs. Laundry and cleaning equipment spend was high throughout the Trust. This was due to additional uniforms for new starters and additional cleaning costs due to an infection on the wards. In month the Trust incurred high costs for legal fees in HR and Finance for workforce and PFI advice. Clinical Support Services showed an overspend on computer maintenance within pathology as the contract costs were not captured in previous months.

CIPs

The Trust has met 93% of its CIP target for month 5 with 95% achievement YTD; of this Emergency Services has the highest underperformance with the main underperforming schemes expected to come from St George's (income growth), wards closures and improvement on emergency readmissions. Within Clinical Support Services there is also underperformance on theatres non pay savings and BMI income savings. The forecast for CIPs is to underperform by £0.7m mainly in the old Surgery Division. Divisions have been tasked to find additional schemes to offset this underperformance.

Capital and Cash

Capital spend is low in month and the year to date capital spend is now below the 75% Monitor secondary threshold. In order to meet the quarter 2 target the Trust must spend £0.5m in September and the finance department are working with managers to ensure this takes place. A number of high cost items have been ordered and are due to be delivered in September which will enable the Trust to meet this target. Cash is over plan in month due to the Trust's high cash inflows from operations in previous months.

KEY PERFORMANCE INDICATORS

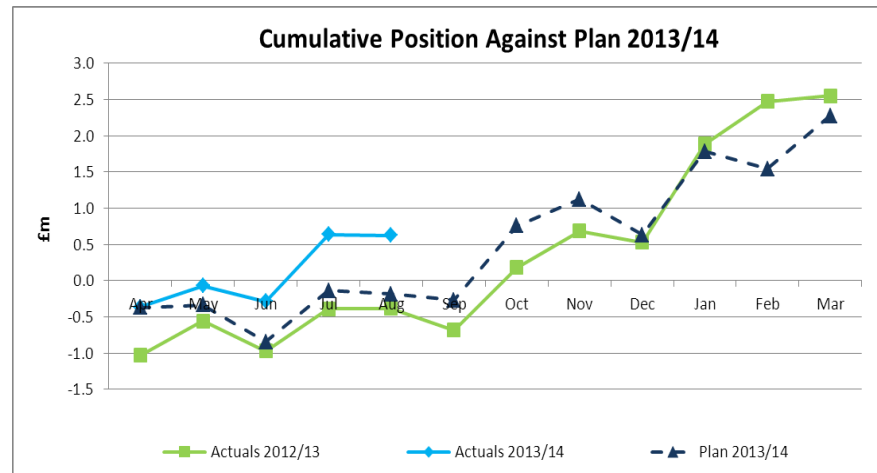
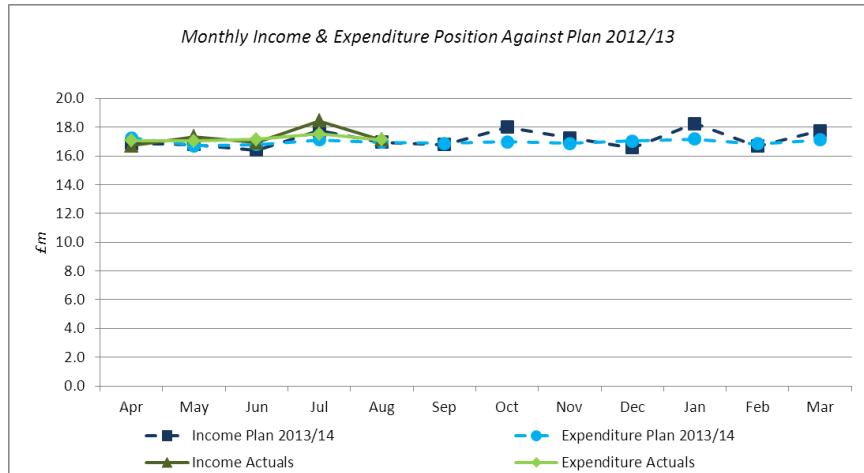
| Dashboard | | Actual performance | | | | | | | | | | Future performance, trends and commentary | | | |
|----------------------|-----------------|--|------|-------|-------|-------|-------|-------|-------|-------|-----------|---|----------|----------|---|
| Strategic objective | KPI description | Target (Full Year) | P/YR | Apr | May | Jun | Q1 | Jul | Aug | YTD | Qtr trend | Mnth trend | Forecast | Comments | |
| I&E Posit | 5 | Surplus/(Deficit) £m | 2.3 | 2.6 | (0.4) | 0.3 | (0.2) | (0.3) | 0.9 | (0.0) | 0.6 | | | | See page 1 for commentary |
| | 5 | Variance to Plan £m | 0.0 | 0.5 | 0.0 | 0.2 | 0.2 | 0.4 | 0.3 | 0.0 | 0.7 | | | | |
| FRR | 5 | Monitor FRR | 3.0 | 3.2 | 2.1 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | | | | |
| | 5 | EBITDA margin (score) | 3.0 | 3.0 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | | | | |
| | 5 | EBITDA, % achieved (score) | 5.0 | 5.0 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | | | | |
| | 5 | NRAF (Net return after financing) (score) | 3.0 | 3.0 | 4 | 3 | 2 | 2 | 2 | 3 | 2 | | | | |
| | 5 | I&E surplus margin (score) | 3.0 | 3.0 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | | | | |
| | 5 | Liquid ratio (score) | 3.0 | 1.0 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | | | | |
| Secondary indicators | 5 | Breaches of Monitor's 'Secondary' indicators of financial distress | 1.0 | 1.0 | 2 | 2 | 1 | 1 | 1 | 2 | 1 | | | | Breach of debtor balances over 90 days Capital spend less than 75% of plan |
| | 5 | Capital Expenditure v Plan | 100% | | 80% | 0% | 69% | 99% | 70% | 17% | 62% | | | | See capital page for comment |
| | 5 | Creditor balances > 90 days past due account % of total creditor balance | 5% | 0.0 | 0.0% | 0.7% | 0.0% | 0% | 0% | 0% | 0% | | | | |
| | 5 | Debtor balances > 90 days past due account % of total debtor balance | 5% | 11.7% | 9% | 20% | 7% | 7% | 10% | 10% | 10% | | | | The Trust continues to actively chase its long term debtors and answer queries in a timely manner. |
| | 5 | Quarter end cash balance number of days of operating expenses | 20 | 11 | 20 | 18 | 17 | 17 | 19 | 18 | 17 | | | | |
| COSR | 5 | Continuity of Service Risk Rating | 3.0 | N/A | 2 | 2 | 3 | 3 | 2 | 3 | 3 | | | | Monitor is planning to change the regulatory regime to a continuity of Service Risk (COSR) from the financial risk rating in quarter 3. The rating for the Trust is shown for information only and is not part of the current regulatory process. |
| | 5 | Debt Service Cover | 3.0 | N/A | 1 | 1 | 3 | 3 | 2 | 3 | 3 | | | | |
| | 5 | Liquidity | 3.0 | N/A | 3 | 3 | 2 | 2 | 2 | 3 | 3 | | | | |
| BPPC | 5 | NHS invoices paid within 30 days (by volume) | 95% | 84.8% | 22.8% | 27.5% | 27.0% | 25.4% | 10.3% | 22.0% | 21.8% | | | | See BPPC page for comment |
| | 5 | NHS invoices paid within 30 days (by value) | 95% | 90.8% | 19.0% | 20.9% | 52.2% | 29.0% | 1.3% | 28.5% | 24.1% | | | | |
| | 5 | Non NHS invoices paid within 30 days (by volume) | 95% | 77.1% | 44.3% | 35.9% | 24.1% | 34.3% | 33.2% | 35.9% | 34.3% | | | | |
| | 5 | Non NHS invoices paid within 30 days (by value) | 95% | 80.1% | 60.8% | 55.6% | 46.0% | 54.3% | 43.9% | 61.7% | 53.1% | | | | |
| SLA | 5 | PCT Income Position v Signed SLA | 0.0 | 0.02 | -0.1 | 0.6 | 0.5 | 1.0 | 0.8 | 0.0 | 1.9 | | | | |
| | 5 | Income adjustment re contract penalties | 0.6 | 0.7 | 0.03 | 0.00 | 0.27 | 0.30 | 0.03 | 0.09 | 0.42 | | | | See income pages for comment |
| | 5 | Percentage CQUIN achievement | 100% | 90% | 80% | 80% | 80% | 80% | 80% | 80% | 80% | | | | The trust is awaiting quarter 1 data and the position is being held at plan until confirmation is received |
| | 5 | Non elective performance against plan | - | (0.8) | 0.2 | 0.2 | 0.3 | 0.7 | 0.9 | 0.1 | 0.7 | | | | |
| | 5 | Elective and daycase performance against plan | - | (1.1) | (0.1) | 0.3 | 0.0 | 0.2 | (0.1) | (0.5) | 0.2 | | | | |
| Income | 5 | Outpatient performance against plan | - | 0.4 | (0.2) | 0.1 | 0.4 | 0.2 | 0.1 | 0.2 | 0.2 | | | | |
| | 5 | A&E performance against plan | - | 0.8 | (0.0) | 0.0 | (0.0) | (0.1) | 0.1 | 0.1 | (0.1) | | | | See Income pages for comment |
| | 5 | Critical Care performance against plan | - | (0.7) | 0.0 | (0.0) | (0.1) | (0.1) | 0.0 | 0.1 | (0.1) | | | | |
| | 5 | Direct Access performance against plan | - | 0.6 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | (0.0) | 0.1 | | | | |
| Other | 5 | Agency spend as a % of total staff costs | 5% | 5% | 6% | 7% | 6% | 6% | 6% | 5% | 6% | | | | |
| | 5 | Percentage of planned CIPS achieved | 100% | 103% | 95% | 93% | 96% | 94% | 96% | 93% | 95% | | | | |

SECTION 1: OVERALL INCOME AND EXPENDITURE

Summary as at the end of August

| Income & Expenditure | Annual Plan £000's | IN MONTH | | | YEAR TO DATE | | | FORECAST OUTTURN | | | Variances | | |
|-------------------------------|-----------------------|------------------|------------------|---------------|------------------|------------------|---------------|-------------------|--------------------|---------------|-------------------------------|-------------------------------|-------------------------------|
| | | Budget v Actuals | | | Budget v Actuals | | | Budget v Forecast | | | Month 2 Variance £000's | Month 3 Variance £000's | Month 4 Variance £000's |
| | | Plan £000's | Actual £000's | Var £000's | Plan £000's | Actual £000's | Var £000's | Plan £000's | Forecast £000's | Var £000's | | | |
| Income Patient Care Income | 183,547 | 15,062 | 15,077 | 15 | 75,367 | 77,181 | 1,814 | 183,547 | 187,895 | 4,349 | 564 | 484 | 830 |
| Other Income | 22,428 | 1,884 | 2,046 | 162 | 9,400 | 9,341 | -59 | 22,428 | 21,956 | -471 | -29 | 40 | -131 |
| Income | 205,975 | 16,946 | 17,123 | 177 | 84,766 | 86,521 | 1,755 | 205,975 | 209,852 | 3,877 | 535 | 524 | 699 |
| Expenditure Pay | -125,759 | -10,538 | -10,636 | -98 | -52,846 | -53,180 | -333 | -125,759 | -127,158 | -1,399 | -206 | -93 | -25 |
| Non Pay | -64,630 | -5,316 | -5,409 | -92 | -26,513 | -27,374 | -862 | -64,630 | -67,455 | -2,825 | -131 | -295 | -405 |
| Contingency Released | | | | 0 | | | 0 | 0 | | 0 | | | |
| Expenditure | -190,390 | -15,855 | -16,045 | -190 | -79,359 | -80,554 | -1,195 | -190,390 | -194,613 | -4,224 | -337 | -388 | -430 |
| EBITDA | 15,585 | 1,092 | 1,078 | -14 | 5,407 | 5,967 | 560 | 15,585 | 15,238 | -346 | 198 | 136 | 269 |
| Depreciation and Amortisation | -7,386 | -618 | -593 | 25 | -2,983 | -2,866 | 117 | -7,386 | -7,053 | 334 | 6 | 21 | 25 |
| Impairments and Disposals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Investment Revenue | 16 | 1 | 3 | 1 | 7 | 15 | 8 | 16 | 36 | 20 | 1 | 1 | 2 |
| Finance Costs | -3,319 | -277 | -281 | -4 | -1,383 | -1,403 | -20 | -3,319 | -3,326 | -7 | -2 | -7 | -4 |
| Public Dividend Capital | -2,613 | -218 | -218 | 0 | -1,089 | -1,089 | 0 | -2,613 | -2,613 | 0 | 0 | 0 | 0 |
| Total I&E | 2,282 | -19 | -10 | 8 | -41 | 624 | 665 | 2,282 | 2,282 | 0 | 203 | 153 | 292 |

| | | Plan | In Month | | Plan | YTD | | Plan | Outturn | | YTD | YTD | YTD |
|-------------------------------|--------|--------|----------|--|--------|--------|--|--------|---------|--|--------|--------|--------|
| EBITDA Margin | 7.6% | 6.4% | 6.3% | | 6.4% | 6.9% | | 7.6% | 7.3% | | 6.0% | 5.7% | 6.4% |
| EBITDA Achieved | 100.0% | 100.0% | 98.7% | | 100.0% | 110.4% | | 100.0% | 100.0% | | 109.0% | 111.8% | 100.0% |
| I&E Surplus Margin | 1.1% | -0.1% | -0.1% | | 0.0% | 0.7% | | 1.1% | 1.1% | | -0.2% | -0.6% | 0.9% |



SECTION 2: COST IMPROVEMENT PROGRAMME

Results for August 2013 - New Structure

| Division | Annual Plan £000's | In Month | | | Year to Date | | | Annual | | |
|---------------------------|-----------------------|----------------|------------------|--------------------|----------------|------------------|--------------------|----------------|--------------------|--------------------|
| | | Plan £000's | Actual £000's | Variance £000's | Plan £000's | Actual £000's | Variance £000's | Plan £000's | Forecast £000's | Variance £000's |
| Clinical Support Services | 2,906 | 242 | 193 | (49) | 1,148 | 1,055 | (93) | 2,906 | 2,416 | (490) |
| Emergency Services | 4,265 | 350 | 360 | 10 | 1,286 | 1,226 | (61) | 4,265 | 4,146 | (119) |
| Specialist Services | 2,233 | 146 | 129 | (17) | 665 | 608 | (56) | 2,233 | 2,099 | (134) |
| Commercial Director | 119 | 10 | 10 | 0 | 50 | 50 | 0 | 119 | 119 | 0 |
| Corporate Affairs | 204 | 17 | 22 | 5 | 85 | 110 | 25 | 204 | 266 | 61 |
| Finance | 197 | 12 | 12 | 0 | 62 | 61 | (1) | 197 | 203 | 6 |
| Human Resources | 151 | 14 | 9 | (5) | 54 | 44 | (10) | 151 | 141 | (10) |
| IM&T | 194 | 16 | 16 | 0 | 81 | 79 | (2) | 194 | 192 | (2) |
| Medical Director | 25 | 2 | 2 | 0 | 10 | 10 | 0 | 25 | 25 | 0 |
| Nursing Director | 61 | 5 | 5 | 0 | 25 | 25 | 0 | 61 | 61 | 0 |
| Operations | 451 | 38 | 36 | (2) | 155 | 159 | 4 | 451 | 459 | 8 |
| Total CIP | 10,805 | 853 | 796 | (58) | 3,621 | 3,428 | (194) | 10,805 | 10,127 | (678) |

| Type | Annual Plan £000's | In Month | | | YTD | | | Annual | | |
|--------------------------|-----------------------|----------------|------------------|--------------------|----------------|------------------|--------------------|----------------|--------------------|--------------------|
| | | Plan £000's | Actual £000's | Variance £000's | Plan £000's | Actual £000's | Variance £000's | Plan £000's | Forecast £000's | Variance £000's |
| CIP schemes | 8,384 | 682 | 507 | (175) | 2,848 | 2,665 | (183) | 8,384 | 7,463 | (921) |
| | | | 74% | | | 94% | | | 89% | |
| Income Generation | 2,421 | 171 | 289 | 118 | 773 | 763 | -10 | 2,421 | 2,664 | 243 |
| | | | 169% | | | 99% | | | 110% | |
| Total CIP | 10,805 | 853 | 796 | (57) | 3,621 | 3,428 | (193) | 10,805 | 10,127 | (678) |
| | | | 93% | | | 95% | | | 94% | |

Old Structure

| Division | Annual Plan £000's | In Month | | | Year to Date | | | Annual | | |
|---------------------------|-----------------------|----------------|------------------|--------------------|----------------|------------------|--------------------|----------------|--------------------|--------------------|
| | | Plan £000's | Actual £000's | Variance £000's | Plan £000's | Actual £000's | Variance £000's | Plan £000's | Forecast £000's | Variance £000's |
| Ambulatory Care | 1,925 | 152 | 139 | (14) | 797 | 789 | (8) | 1,925 | 1,757 | (168) |
| Medicine & Emergency Care | 2,474 | 183 | 185 | 2 | 689 | 691 | 2 | 2,474 | 2,515 | 41 |
| Surgery & Critical Care | 3,243 | 294 | 270 | (24) | 1,113 | 929 | (183) | 3,243 | 2,652 | (591) |
| Women & Child Health | 1,761 | 109 | 89 | (20) | 500 | 480 | (20) | 1,761 | 1,761 | (0) |
| Corporate | 1,402 | 115 | 113 | (2) | 522 | 538 | 16 | 1,402 | 1,466 | 64 |
| Total | 10,805 | 853 | 796 | (58) | 3,621 | 3,428 | (194) | 10,805 | 10,152 | (653) |

COMMENTARY

Of the £3.4m achieved YTD, £2.8m (81%) is recurrent

The main underachieving schemes are:

Emergency Services

- SGH income for urethroplasties (£73k)
- £34k relating to reducing Alex ward from a 7 day to a 5 day ward (£34k)
- improvement in emergency readmission following elective Surgery (£25k)
- These schemes were inherited from Surgery

Clinical Support Services

- Growth in BMI income inherited from old Surgery Division (£33k)
- VAT savings from Serology Managed Services Contract, (£24k)

Specialist Services

- Non achievement in BMI income (£33k)
- Repatriation of elective work from St Georges (£49k)

Main overperforming schemes are:

Emergency Services

- Elective Orthopaedic Centre income (£38k)
- Income overperformance (£100k)

Clinical Support Services

- Royal Marsden income (£43k)
- Maintenance contract (£35k)

Specialist Services

- Royal Eye Unit non pay savings (£28k)

The phasing of the CIP plan is back-loaded which means that divisional targets will increase in later months of the year. Under achievement in earlier months is therefore a concern.

SECTION 3: DIVISIONAL POSITION

Old Structure

| Income & Expenditure | IN MONTH | | | | | | | YEAR TO DATE | | | | | | | FORECAST OUTTURN | | | | | | | Variances | | |
|---------------------------|------------------|------------------|---------------|-------------|-------------|-------------|-------------|------------------|------------------|---------------|--------------|-------------|-------------|------------|-------------------|--------------------|---------------|--------------|---------------|---------------|-------------|------------|------------|------------|
| | Budget v Actuals | | | Variances | | | | Budget v Actuals | | | Variances | | | | Budget v Forecast | | | Variances | | | | M2 | M3 | M4 |
| | Plan £000's | Actual £000's | Var £000's | Inc | Pay | Non Pay | Total | Plan £000's | Actual £000's | Var £000's | Inc | Pay | Non Pay | Total | Plan £000's | Forecast £000's | Var £000's | Inc | Pay | Non Pay | Total | | | |
| Ambulatory Care | -969 | -996 | -28 | 22 | 42 | -91 | -28 | -4,283 | -4,150 | 132 | 300 | 21 | -188 | 132 | -10,092 | -9,984 | 108 | 848 | -140 | -600 | 108 | 48 | 1 | 82 |
| Medicine & Emergency Care | 1,459 | 1,371 | -88 | 91 | -192 | 13 | -88 | 7,478 | 8,051 | 573 | 1,326 | -475 | -279 | 573 | 20,098 | 20,229 | 131 | 2,758 | -1,457 | -1,169 | 131 | 213 | 176 | 164 |
| Surgery & Critical Care | 1,633 | 1,336 | -297 | -235 | -19 | -44 | -297 | 7,685 | 7,355 | -331 | 53 | -130 | -254 | -331 | 20,689 | 19,867 | -823 | 184 | -279 | -727 | -823 | -110 | -108 | 209 |
| Women & Child Health | 1,228 | 1,255 | 27 | 6 | 19 | 1 | 27 | 6,127 | 6,323 | 196 | 107 | 92 | -3 | 196 | 15,819 | 16,003 | 184 | 221 | 86 | -123 | 184 | 68 | 129 | 91 |
| Clinical Divisions | 3,351 | 2,965 | -386 | -116 | -149 | -121 | -386 | 17,008 | 17,578 | 570 | 1,787 | -492 | -724 | 570 | 46,514 | 46,114 | -400 | 4,011 | -1,791 | -2,620 | -400 | 219 | 198 | 546 |
| Commercial Director | -376 | -331 | 45 | 1 | 22 | 22 | 45 | -1,909 | -1,715 | 194 | 6 | 137 | 51 | 194 | -4,553 | -4,239 | 313 | 10 | 324 | -21 | 313 | 7 | 49 | 79 |
| Corporate Affairs | -330 | -347 | -17 | 17 | -3 | -31 | -17 | -1,547 | -1,568 | -21 | 203 | -66 | -159 | -21 | -3,554 | -3,555 | 0 | 397 | -144 | -253 | 0 | -14 | 26 | -29 |
| Finance | -271 | -281 | -10 | 2 | 0 | -12 | -10 | -1,272 | -1,285 | -13 | 8 | -22 | 1 | -13 | -2,907 | -2,952 | -44 | 17 | -25 | -36 | -44 | 11 | -17 | -5 |
| Human Resources | -165 | -177 | -11 | -6 | 1 | -7 | -11 | -746 | -704 | 42 | -83 | 54 | 71 | 42 | -1,734 | -1,763 | -29 | -226 | 163 | 34 | -29 | -11 | 20 | 17 |
| Medical Director | -27 | -19 | 8 | 0 | 10 | -2 | 8 | -133 | -138 | -6 | 0 | 10 | -16 | -6 | -321 | -340 | -19 | 0 | 9 | -28 | -19 | -3 | -3 | -4 |
| Nursing Director | -53 | -49 | 3 | 0 | -1 | 5 | 3 | -235 | -176 | 59 | 29 | 4 | 26 | 59 | -605 | -604 | 1 | 20 | 3 | -23 | 1 | 13 | 3 | 39 |
| Operations | -1,291 | -1,253 | 38 | -14 | 23 | 30 | 38 | -6,422 | -6,518 | -96 | -28 | 72 | -140 | -96 | -15,526 | -15,636 | -109 | -86 | 120 | -144 | -109 | -16 | -111 | -26 |
| Directorates | -2,512 | -2,458 | 55 | -1 | 51 | 5 | 55 | -12,264 | -12,104 | 159 | 129 | 52 | -215 | 159 | -29,201 | -29,089 | 112 | 132 | 450 | -470 | 112 | -13 | -33 | 70 |
| Central Income | 564 | 750 | 185 | 142 | -4 | 47 | 185 | 2,944 | 2,707 | -237 | -193 | -21 | -23 | -237 | 7,065 | 6,798 | -267 | -304 | -49 | 85 | -267 | -29 | 39 | -365 |
| Other Central Budgets | -311 | -180 | 131 | 151 | 4 | -24 | 131 | -2,281 | -2,214 | 67 | 27 | -9 | 50 | 67 | -8,794 | -8,586 | 209 | 38 | -9 | 180 | 209 | 21 | -68 | 18 |
| EBITDA | 1,092 | 1,078 | -14 | 177 | -98 | -93 | -14 | 5,407 | 5,967 | 560 | 1,749 | -471 | -913 | 560 | 15,585 | 15,238 | -346 | 3,877 | -1,399 | -2,825 | -346 | 198 | 136 | 269 |
| Depreciation & Losses | -618 | -593 | 25 | | | | 25 | -2,983 | -2,866 | 117 | | | | 117 | -7,386 | -7,053 | 334 | | | | 334 | 6 | 21 | 25 |
| Interest | -275 | -278 | -3 | | | | -3 | -1,376 | -1,389 | -12 | | | | -12 | -3,303 | -3,290 | 13 | | | | 13 | -1 | -5 | -2 |
| PDC | -218 | -218 | 0 | | | | 0 | -1,089 | -1,089 | 0 | | | | 0 | -2,613 | -2,613 | 0 | | | | 0 | 0 | 0 | 0 |
| Total I&E | -19 | -11 | 8 | | | | 8 | -41 | 624 | 664 | | | | 664 | 2,282 | 2,282 | 0 | | | | 0 | 203 | 153 | 292 |

COMMENTARY

- Under the old structure Surgery and Critical Care shows the largest under performance in month with an £0.3m adverse position. This is mainly due to underperformance of income in elective and outpatient settings. Compared to previous months Surgery shows a decrease in costs in non pay for clinical supplies and services and drugs due to reduced activity.
- Medicine and Emergency Care showed underperformance compared to previous months. This is due to decreased non elective activity, without a decrease in costs which remained high due to spend on specials and other ward nursing costs.

New Structure

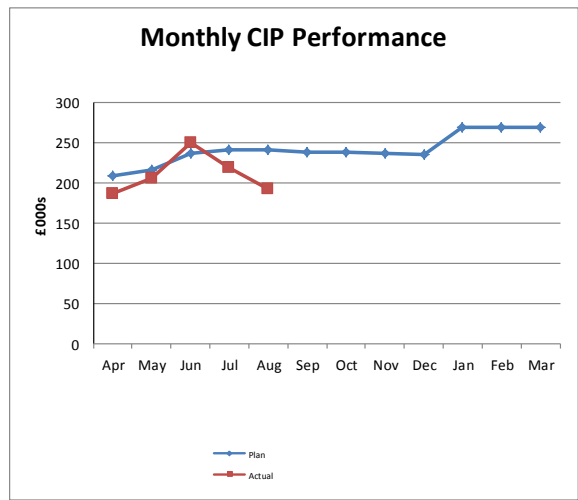
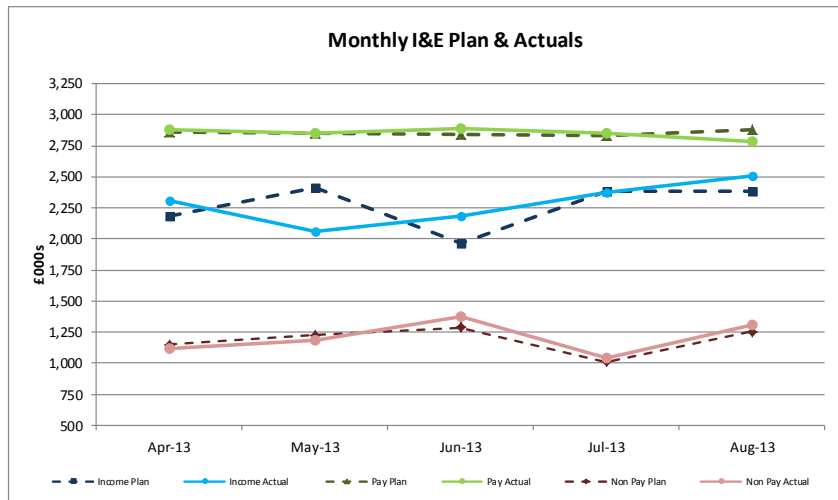
| Income & Expenditure | IN MONTH | | | | | | | YEAR TO DATE | | | | | | | FORECAST OUTTURN | | | | | | | Variances | | |
|---------------------------|------------------|------------------|---------------|-------------|-------------|-------------|-------------|------------------|------------------|---------------|--------------|-------------|-------------|------------|-------------------|--------------------|---------------|--------------|---------------|---------------|-------------|------------|------------|------------|
| | Budget v Actuals | | | Variances | | | | Budget v Actuals | | | Variances | | | | Budget v Forecsat | | | Variances | | | | M2 | M3 | M4 |
| | Plan £000's | Actual £000's | Var £000's | Inc | Pay | Non Pay | Total | Plan £000's | Actual £000's | Var £000's | Inc | Pay | Non Pay | Total | Plan £000's | Forecast £000's | Var £000's | Inc | Pay | Non Pay | Total | | | |
| Clinical Support Services | 341 | 552 | 210 | 165 | 95 | -49 | 210 | -9,164 | -8,898 | 267 | 346 | 20 | -100 | 267 | -21,417 | -21,544 | -127 | 685 | 74 | -887 | -127 | 0 | -33 | 26 |
| Emergency Care | -3,415 | -3,812 | -397 | -74 | -284 | -39 | -397 | 16,869 | 17,245 | 375 | 1,492 | -595 | -522 | 375 | 44,431 | 43,846 | -585 | 2,650 | -1,806 | -1,429 | -585 | 206 | 122 | 414 |
| Specialist Services | 6,425 | 6,225 | -199 | -206 | 40 | -33 | -199 | 9,303 | 9,231 | -72 | -52 | 82 | -102 | -72 | 23,500 | 23,812 | 312 | 676 | -59 | -304 | 312 | 13 | 109 | 106 |
| Clinical Divisions | 3,351 | 2,965 | -386 | -116 | -149 | -121 | -386 | 17,008 | 17,578 | 570 | 1,787 | -492 | -724 | 570 | 46,514 | 46,114 | -400 | 4,011 | -1,791 | -2,620 | -400 | 219 | 198 | 546 |
| Commercial Director | -376 | -331 | 45 | 1 | 22 | 22 | 45 | -1,909 | -1,715 | 194 | 6 | 137 | 51 | 194 | -4,553 | -4,239 | 313 | 10 | 324 | -21 | 313 | 7 | 49 | 79 |
| Corporate Affairs | -330 | -347 | -17 | 17 | -3 | -31 | -17 | -1,547 | -1,568 | -21 | 203 | -66 | -159 | -21 | -3,554 | -3,555 | 0 | 397 | -144 | -253 | 0 | -14 | 26 | -29 |
| Finance | -271 | -281 | -10 | 2 | 0 | -12 | -10 | -1,272 | -1,285 | -13 | 8 | -22 | 1 | -13 | -2,907 | -2,952 | -44 | 17 | -25 | -36 | -44 | 11 | -17 | -5 |
| Human Resources | -165 | -177 | -11 | -6 | 1 | -7 | -11 | -746 | -704 | 42 | -83 | 54 | 71 | 42 | -1,734 | -1,763 | -29 | -226 | 163 | 34 | -29 | -11 | 20 | 17 |
| Medical Director | -27 | -19 | 8 | 0 | 10 | -2 | 8 | -133 | -138 | -6 | 0 | 10 | -16 | -6 | -321 | -340 | -19 | 0 | 9 | -28 | -19 | -3 | -3 | -4 |
| Nursing Director | -53 | -49 | 3 | 0 | -1 | 5 | 3 | -235 | -176 | 59 | 29 | 4 | 26 | 59 | -605 | -604 | 1 | 20 | 3 | -23 | 1 | 13 | 3 | 39 |
| Operations | -1,291 | -1,253 | 38 | -14 | 23 | 30 | 38 | -6,422 | -6,518 | -96 | -28 | 72 | -140 | -96 | -15,526 | -15,636 | -109 | -86 | 120 | -144 | -109 | -16 | -111 | -26 |
| Directorates | -2,512 | -2,458 | 55 | -1 | 51 | 5 | 55 | -12,264 | -12,104 | 159 | 129 | 52 | -215 | 159 | -29,201 | -29,089 | 112 | 132 | 450 | -470 | 112 | -13 | -33 | 70 |
| Central Income | 564 | 750 | 185 | 142 | -4 | 47 | 185 | 2,944 | 2,707 | -237 | -193 | -21 | -23 | -237 | 7,065 | 6,798 | -267 | -304 | -49 | 85 | -267 | -29 | 39 | -365 |
| Other Central Budgets | -311 | -179 | 132 | 151 | 4 | -24 | 132 | -2,281 | -2,213 | 67 | 27 | -9 | 50 | 67 | -8,794 | -8,586 | 209 | 38 | -9 | 180 | 209 | 21 | -68 | 18 |
| EBITDA | 1,092 | 1,078 | -14 | 177 | -98 | -92 | -14 | 5,407 | 5,967 | 560 | 1,749 | -471 | -913 | 560 | 15,585 | 15,238 | -346 | 3,877 | -1,399 | -2,825 | -346 | 198 | 136 | 269 |
| Depreciation & Losses | -618 | -593 | 25 | | | | 25 | -2,983 | -2,866 | 117 | | | | 117 | -7,386 | -7,053 | 334 | 0 | 0 | 0 | 334 | 6 | 21 | 25 |
| Interest | -275 | -278 | -3 | | | | -3 | -1,376 | -1,389 | -12 | | | | -12 | -3,303 | -3,290 | 13 | 0 | 0 | 0 | 13 | -1 | -5 | -2 |
| PDC | -218 | -218 | 0 | | | | 0 | -1,089 | -1,089 | 0 | | | | 0 | -2,613 | -2,613 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total I&E | -19 | -10 | 8 | 0 | 0 | 0 | 8 | -41 | 624 | 665 | 0 | 0 | 0 | 665 | 2,283 | 2,282 | 0 | 0 | 0 | 0 | 0 | 203 | 153 | 292 |

COMMENTARY

- The management of the old Surgery Division has changed in month as below:
 - Theatres and ICU added to Ambulatory Care to become Clinical Support Services
 - General Surgery, Trauma and Orthopaedics and Urology added to Medicine and Emergency Care to become Emergency Services
 - Oral Surgery, ENT and Ophthalmology added to Women and Child Health to become Specialist Services
- The Clinical divisions positions are explained on page 9-13
- Please note that the clinical income in the graphs has been adjusted to reflect the split of previous months as they would have been

Clinical Support Services Position as at the end of August (incl Theatres and ICU)

| Income & Expenditure | Annual Plan £000's | IN MONTH | | | YEAR TO DATE | | |
|---------------------------------|-----------------------|------------------|------------------|---------------|------------------|------------------|---------------|
| | | Budget v Actuals | | | Budget v Actuals | | |
| | | Plan £000's | Actual £000's | Var £000's | Plan £000's | Actual £000's | Var £000's |
| Income | | | | | | | |
| Patient Care Activities | 21,556 | 4,028 | 4,192 | 164 | 8,826 | 9,162 | 336 |
| Other | 5,259 | 448 | 449 | 1 | 2,206 | 2,217 | 10 |
| Income | 26,815 | 4,476 | 4,641 | 165 | 11,032 | 11,378 | 346 |
| Expenditure - Pay | | | | | | | |
| Medical & Dental | -10,155 | -846 | -866 | -20 | -4,224 | -4,234 | -10 |
| Nursing & Midwifery | -8,185 | -678 | -630 | 47 | -3,412 | -3,486 | -74 |
| Scientific, Professional & Tech | -6,344 | -530 | -514 | 15 | -2,643 | -2,626 | 16 |
| Admin & Clerical | -3,275 | -289 | -276 | 13 | -1,398 | -1,362 | 37 |
| Other | -6,235 | -536 | -497 | 40 | -2,588 | -2,537 | 52 |
| Pay | -34,194 | -2,878 | -2,784 | 95 | -14,265 | -14,245 | 20 |
| Expenditure - Non Pay | | | | | | | |
| Clinical Supplies & Services | -8,401 | -700 | -670 | 31 | -3,528 | -3,486 | 42 |
| Other | -5,637 | -556 | -636 | -79 | -2,403 | -2,545 | -142 |
| Non Pay | -14,038 | -1,256 | -1,305 | -49 | -5,931 | -6,031 | -100 |
| Expenditure | -48,232 | -4,135 | -4,089 | 46 | -20,196 | -20,276 | -80 |
| Income Less Direct Costs | -21,417 | 341 | 552 | 210 | -9,164 | -8,898 | 267 |



Income & Expenditure Commentary

- The division is reporting an in month favourable variance of £210k and a YTD surplus of £267k (excluding former Surgery the surplus would be YTD £136k)
- Critical Care Income is £208k favourable in month following a number of long stay and multiple organ support patient discharges. Direct Access activity underperformed by £45k in month largely due to Diagnostic Imaging and Cytology.
- Pay is £95k favourable largely due to vacant posts. Medical overspend relates to pressures within Anaesthetics around lower than expected deanery funded posts and consequently filling essential service gaps with locums. Additionally support services cost relating to the two new consultant starters within Orthopaedics remain unfunded. Pressures continue within Radiology around the management of 6 week diagnostic waits and clearing the plain film and ultrasound backlog. This has resulted in additional consultant reporting spend. Nursing pay is £47k favourable due to vacant posts within Main Theatres and ICU. Recruitment to vacant posts is progressing well with new starters coming into posts from September onwards. The underspend on Other relates to vacant posts within Pharmacy, Health Records and Main Theatres Plans are in place to recruit to the posts. Pressures remain within Radiology, use of agency sonographers continues although the number of vacant posts has reduced from 3 to 2. Other overspends across the division are due to maternity and long term sickness pressures particularly within Haematology.
- Non pay is overspent by £49k in month and £100k YTD. Clinical supplies and services are underspent this month due to low blood usage and reduced consumable spend within Theatres matching the reduced activity levels this month. Software maintenance accounts for £35 of the overspend in month Drug are overspent by £177k YTD and mainly driven by spend within Clinical Haematology and chemocare. However this is offset by income over performance

CIP Commentary

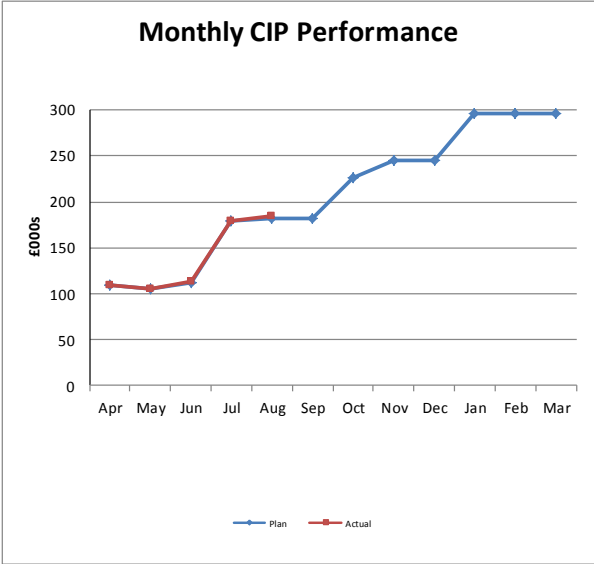
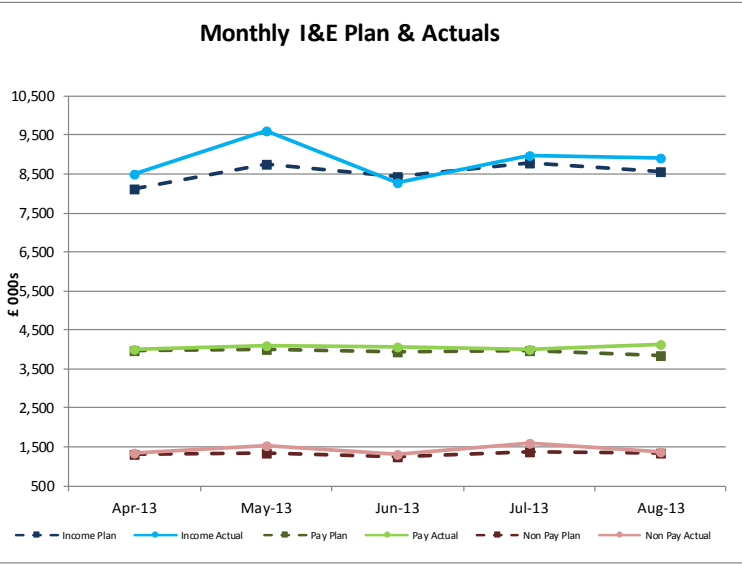
- In month 5, the division achieved £186k and 84% of its CIP target. Year to date the division has delivered £1,064k against a plan of £1,147k, 93% of YTD plan.
- In-month schemes contributing adversely to the position:
 - AC43 Radiology Additional Job Planning PA's
 - SUR1326 Main Theatres Warrick Analytics
 - SUR1310 Growth in BMI Income
 - AC1301 Review of Divisional Admin Function
 - AC46 Service Consolidation Referred test coming in house
 - AC52 Portal Home Reporting
 - AC14 Pathology Blood Products Spot Nurse
- The above are offset by SWRU Income over performance in month £43k and YTD £93k. This has been banked non recurrently this year to offset slippage.
- Additionally maintenance contract savings banked this month within DSU following a detailed review accounts for £35k in month favourable movement.

Divisional Actions

- Monthly budget review meetings continue to be held with budget holders.
- Pay monitoring arrangements to roll out and full implementation across the division.
- Recruitment to post authorised following approval from finance
- Regular reviews established with Budget Managers to forecast and manage budgets robustly
- Stock management plans to continue to be developed and monitored for all areas.
- Recruitment to Sonographer posts to be addressed using in house trainees to reduce the reliance on expensive agency cover
- Monitor Bank and Agency with continued and increased scrutiny
- Recruit to substantive posts where cover is being provided through bank and agency
- Unpick the impact of agreed Tariff changes re Chemo Care specifically HCD and Procurement and Delivery HRG
- Substantive Recruitment to 3 Anaesthetist post to reduce reliance on expensive Locum posts.
- Fully Novate and implement operational changes re 3rd party suppliers into Roche Managed Service contract to take advantage of VAT savings and planned CIP delivery

Emergency Services Position as at the end of August (incl general surgery, trauma & orthopaedics and urology)

| Income & Expenditure | Annual Plan £000's | IN MONTH | | | YEAR TO DATE | | |
|---------------------------------|--------------------|------------------|---------------|-------------|------------------|----------------|---------------|
| | | Budget v Actuals | | | Budget v Actuals | | |
| | | £000's | £000's | £000's | £000's | £000's | £000's |
| Income | | | | | | | |
| Patient Care Activities | 102,013 | 1,495 | 1,409 | -86 | 41,737 | 43,267 | 1,530 |
| Other | 3,549 | 292 | 304 | 12 | 1,491 | 1,452 | -38 |
| Income | 105,562 | 1,787 | 1,713 | -74 | 43,228 | 44,720 | 1,492 |
| Expenditure - Pay | | | | | | | |
| Medical & Dental | -17,577 | -1,465 | -1,512 | -46 | -7,421 | -7,313 | 109 |
| Nursing & Midwifery | -20,469 | -1,676 | -1,926 | -250 | -8,679 | -9,426 | -747 |
| Scientific, Professional & Tech | -904 | -97 | -63 | 34 | -380 | -296 | 85 |
| Admin & Clerical | -3,466 | -294 | -308 | -14 | -1,544 | -1,574 | -30 |
| Other | -3,918 | -325 | -332 | -8 | -1,696 | -1,707 | -11 |
| Pay | -46,334 | -3,857 | -4,141 | -284 | -19,721 | -20,316 | -595 |
| Expenditure - Non Pay | | | | | | | |
| Clinical Supplies & Services | -4,373 | -400 | -395 | 5 | -1,995 | -2,194 | -199 |
| Other | -10,424 | -946 | -989 | -44 | -4,642 | -4,965 | -323 |
| Non Pay | -14,796 | -1,346 | -1,384 | -39 | -6,638 | -7,160 | -522 |
| Expenditure | -61,130 | -5,202 | -5,525 | -323 | -26,359 | -27,475 | -1,117 |
| Income Less Direct Costs | 44,431 | -3,415 | -3,812 | -397 | 16,869 | 17,245 | 375 |



Income & Expenditure Commentary

- Adverse variance against plan of £397k in Month 5 and £375k favourable YTD. The position would have been £88k adverse in month and £573k favourable YTD if there was no merger with the Surgery Division.
- Patient care income is adverse in month by £86k. This is due to under performances in elective income of £200k as to Trauma & Orthopaedics and General Surgery activity being below plan in month. Annual leave and patient DNA's has resulted in this reduction in activity in month. Although the A&E attendances are lower than previous months as expected the acuity of patients has increased resulting in the favourable income position.
- Pay is adverse in month by £284k. This is mainly due to usage of agency nurses to cover escalation (wards and the IAU), high annual leave, specials and cost of induction. Although there were 88 fewer admissions compared to last month the length of stay remained on average at 5.5days. There were fewer discharges over the bank holiday week. There has been a significant effort to recruit into all of the vacancies in the medical wards and it is anticipated that by the end of October all posts will be filled. Total impact of the cost of induction is estimated at £180k for this financial year. The medical staff overspend mainly relates to additional sessions to reduce waiting lists in the Orthopaedic speciality.
- Non pay is £39k adverse to plan in month. The overspend is due to payments to New Victoria hospital £32k, drugs within tariff £22k, ambulances £13k offset by an underspend on pathology recharges of £24k. The drugs within tariff and ambulance overspends are spread across most areas in the division. The drug overspend is particularly high in IAU (£12k) attributable to increase in activity.

CIP Commentary

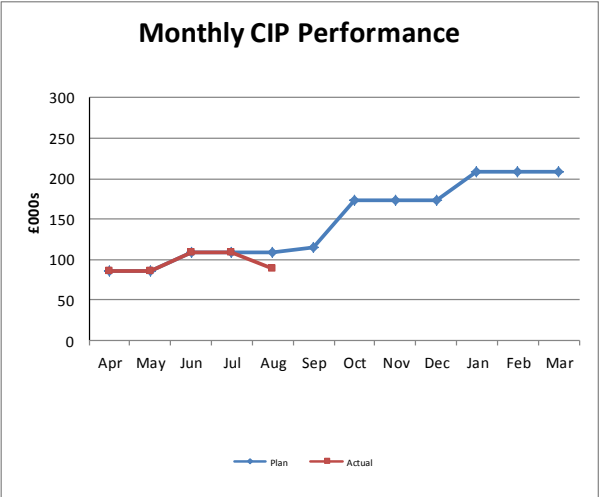
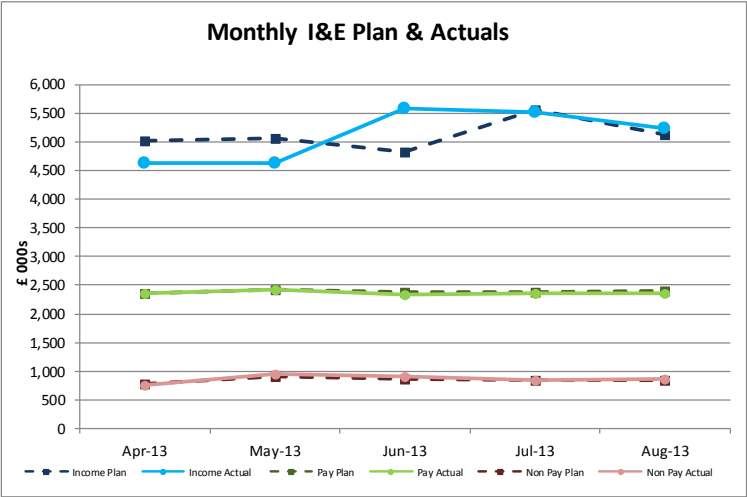
- The Medicine division's target for 2013/14 has increased by £1.8m after the merger with the Surgery division to £4.3m. The old Medicine division achieved 100% of the CIP target the surgical areas achieved 103% of the YTD target. A detailed review of CIP's has been undertaken by management to month 5 and the forecast.
- Schemes contributing adversely to the position result from:
 - *Slippage in providing an alternative model to the GP A&E Service – this was due to the delay in agreeing this contract with the CCG's.*
 - *Reduce Alex ward from a 7 day to a 5 day ward*
 - *Lap Chole - Shift from elective to Non Elective*
 - *SGH - Income for additional 200 cases*
- Schemes contributing favourably to the position result from:
 - *Consultant vacancies – ACP and GUM/HIV*
 - *SWELOC Overperformance*
 - *Review of Neurology EEG and EMG tests from St Georges*
 - *Income overperformance*

Divisional Actions

- The division is continuing its work to improve patient flow and urgent care pathways through the hospital.
- Use e-rostering tool to scrutinise and manage staffing levels and sickness
- The division is continuing to check all ward stock areas and ensuring all changes agreed at the procurement board are being implemented.
- Action is being taken by the ward sisters to reduce overstocking in the ward areas.
- Controls to be placed on prescribing.
- Forecast challenge sessions are taking place within the division with budget holders to ensure financial balance without compromising the safety of patients.
- Recruitment of trained nurses into vacant posts to avoid using expensive agency staff.
- Negotiate better terms of contract for the provision of MRI Services
- Robust recruitment and retention plan to address high turnover in the medical wards.
- Ensure monthly information is received from St Georges for EEG and EMG Tests referred from KH.
- The divisional management to identify new CIP schemes to offset schemes that are not going to deliver or have slipped.

Specialist Services Position as at the end of August (incl Oral surgery, ENT and ophthalmology)

| Income & Expenditure | Annual Plan £000's | IN MONTH | | | YEAR TO DATE | | |
|---------------------------------|-----------------------|---|---|-------------|----------------|----------------|-------------|
| | | Budget v Actuals Plan Actual Var £000's £000's £000's | Budget v Actuals Plan Actual Var £000's £000's £000's | | | | |
| Income | | | | | | | |
| Patient Care Activities | 59,778 | 9,453 | 9,247 | -206 | 24,483 | 24,432 | -51 |
| Other | 2,296 | 200 | 200 | 0 | 983 | 983 | 0 |
| Income | 62,074 | 9,653 | 9,447 | -206 | 25,466 | 25,414 | -52 |
| Expenditure - Pay | | | | | | | |
| Medical & Dental | -8,613 | -725 | -733 | -9 | -3,583 | -3,710 | -127 |
| Nursing & Midwifery | -15,907 | -1,327 | -1,299 | 28 | -6,628 | -6,540 | 88 |
| Scientific, Professional & Tech | -1,207 | -100 | -97 | 3 | -500 | -470 | 31 |
| Admin & Clerical | -2,293 | -196 | -183 | 12 | -981 | -923 | 58 |
| Other | -558 | -46 | -41 | 6 | -231 | -199 | 32 |
| Pay | -28,579 | -2,394 | -2,354 | 40 | -11,923 | -11,841 | 82 |
| Expenditure - Non Pay | | | | | | | |
| Clinical Supplies & Services | -3,075 | -259 | -278 | -19 | -1,263 | -1,284 | -21 |
| Other | -6,920 | -575 | -590 | -15 | -2,977 | -3,058 | -81 |
| Non Pay | -9,995 | -834 | -868 | -33 | -4,240 | -4,342 | -102 |
| Expenditure | -38,574 | -3,228 | -3,221 | 7 | -16,163 | -16,183 | -20 |
| Income Less Direct Costs | 23,500 | 6,425 | 6,225 | -199 | 9,303 | 9,231 | -72 |



Income & Expenditure Commentary

- The month 5 position is adverse against plan by £199k and £72k adverse YTD. The position would have been £27k favourable in month and £196k favourable YTD if there was no merger with the Surgery Division.
- Patient Care Income is adverse by £206k in month. This is due to low Ophthalmology day case and outpatient activity. (£256k adverse) The REU A&E activity is also low in the month. NHS deliveries are 14 deliveries below the monthly plan. The increase in the intensity payment relating to ante natal care has continued into August. The new maternity pathway tariff is being implemented and 100% compliance has been achieved in collecting the ante natal and post natal forms. The occupancy within the neonatal unit is low in the month and contributes to the adverse income position. The uncoded activity has halved in the month compared to previous months and has resulted in an increase in price compared to the estimate.
- Pay is favourable by £40k in month. Midwifery staff are favourable in the month despite 18wte on maternity leave. This is due to successful recruitment and senior staff monitoring and scrutinising the bank & agency spend and also covering a number of clinical shifts. E – rostering is also being used to scrutinise and manage staffing levels and sickness. There is an overspend within medical staffing due to Consultant Agency and Bank usage in Ophthalmology.
- Non pay is £33k adverse in month. £12k in Ophthalmic Theatres where a CIP related to Ophthalmic Consumable Packs is not being achieved. £7k relates to invoices from Medica for the Adult Glaucoma Monitoring Service. Costs relating to Big Hand licences and maintenance cost of Kiosks in the maternity unit have been charged from IT in the month. A provision has also been made in Midwifery for newborn hearing test charges from Chelsea & Westminster. This charge is being disputed.

CIP Commentary

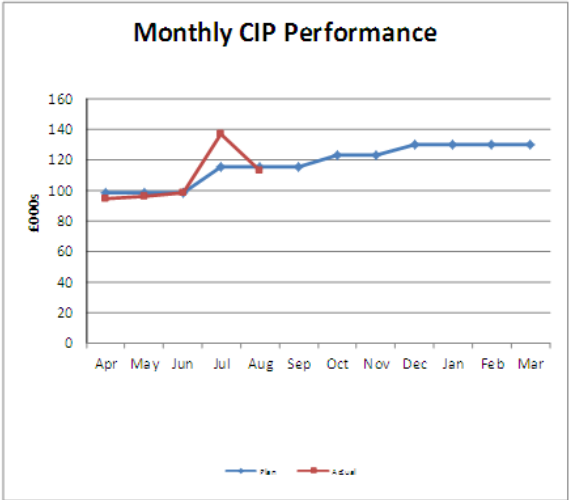
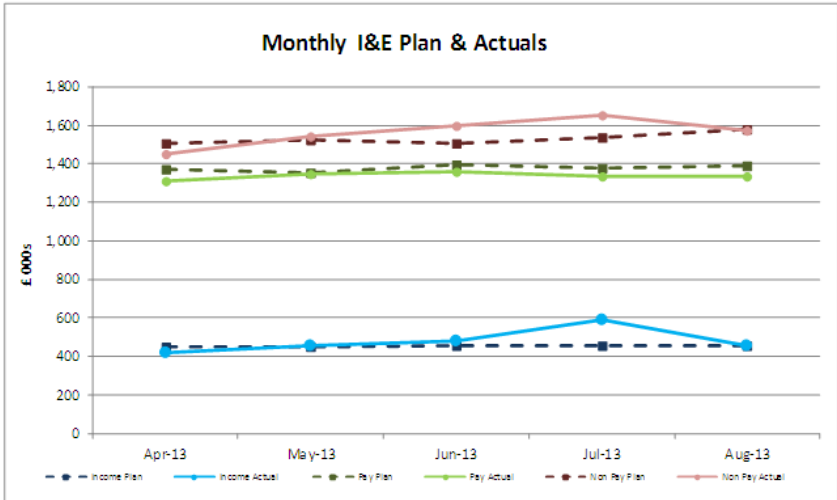
- The W&CH division's target for 2013/14 increased by £472k to £2.2m after the merger. The old W&CH division achieved 96% and surgery elements 78% of the YTD target.
- In-month schemes contributing adversely to the position result from:
 - Gynae skill mix review
 - Secondment of Midwife – This scheme will deliver and over perform against the target later on in the year as the post holder is leaving the trust in September and the post will not be recruited into.
 - Ophthalmic Consumable packs
 - Reduction in transport costs
 - Admin review – Oral Surgery
- In-month schemes contributing favourably to the position result from:
 - Holding vacancies in play therapy
 - Non recurring admin & clerical vacancies
 - Non recurring neo natal nursing vacancies
 - Health & Well being classes

Divisional Actions

- Close monitoring of non pay spend within the division to ensure delivery of the non pay savings required for 2013/14 and maintain financial balance.
- Weekly pay monitoring continues with agency spend stopped.
- Authorisation process for recruiting flexible trainees.
- Recruitment into midwifery and nursing vacancies to avoid using expensive agency staff.
- The division is continuing to check all ward stock areas and ensuring all changes agreed at the procurement board are being implemented.
- Negotiate better terms of contract for the provision of interpreters.
- Specialty leads to continue with their work on reducing inappropriate ordering of diagnostics.
- Negotiate better terms of contract for the provision of MRI Services and get clarity of the charges relating to additional body parts.

Corporate Position as at the end of August

| Income & Expenditure | Annual Plan £000's | IN MONTH | | | YEAR TO DATE | | |
|---------------------------------|-----------------------|------------------|------------------|---------------|------------------|------------------|---------------|
| | | Budget v Actuals | | | Budget v Actuals | | |
| | | Plan £000's | Actual £000's | Var £000's | Plan £000's | Actual £000's | Var £000's |
| Income | | | | | | | |
| Patent Care Activities | 913 | 78 | 81 | 3 | 383 | 386 | 4 |
| Other | 4,519 | 376 | 372 | -4 | 1,884 | 2,015 | 131 |
| Income | 5,432 | 454 | 453 | -1 | 2,267 | 2,402 | 135 |
| Expenditure - Pay | | | | | | | |
| Medical & Dental | -1,613 | -137 | -129 | 9 | -699 | -653 | 46 |
| Nursing & Midwifery | -1,376 | -117 | -108 | 9 | -556 | -521 | 34 |
| Scientific, Professional & Tech | -94 | -8 | -5 | 2 | -39 | -39 | 0 |
| Admin & Clerical | -6,691 | -582 | -589 | -7 | -2,834 | -2,812 | 22 |
| Other | -6,580 | -544 | -507 | 38 | -2,753 | -2,667 | 86 |
| Pay | -16,354 | -1,388 | -1,337 | 51 | -6,880 | -6,692 | 189 |
| Expenditure - Non Pay | | | | | | | |
| Clinical Supplies & Services | -146 | -12 | -13 | 1 | -61 | -86 | -25 |
| Other | -18,133 | -1,566 | -1,560 | 6 | -7,589 | -7,729 | -139 |
| Non Pay | -18,279 | -1,578 | -1,573 | 5 | -7,650 | -7,814 | -164 |
| Expenditure | -34,633 | -2,966 | -2,910 | 56 | -14,530 | -14,506 | 25 |
| Income Less Direct Costs | -29,201 | -2,512 | -2,458 | 55 | -12,264 | -12,104 | 159 |



Income & Expenditure Commentary

- Corporate was favourable at £55k in month and £159k year to date.
- Income for the period remained flat on budget at £453k.
- There continued to be an underspend in pay. It is £51k under in month and £189k year to date. This is mainly due to vacancies within commercial, finance and operations. While efforts are on-going to fill these vacant posts substantively, agency staff are used to cover some vacancies in finance and clinical governance. The favourable rate/usage mix of substantive versus agency staff within these areas enables them to operate their pay budgets within their budgets.
- Non pay is £5k better in month and £164k adverse year to date. This is a summation of minute underspend across areas within Corporate Division.
-

CIP Commentary

- The division's target for 2013/14 is £1.4m and in August 98% of the in month CIP target of £115k has been achieved.
- Schemes contributing adversely to the position result from:
 - Staff bank reform
 - Estates restructure
- Schemes contributing favourably to the position result from:
 - Removal of partnership project manager

Corporate Actions

- Estates restructure consultation to start in later in the year.
- Advertising for vacant posts and managing workloads with minimal agency and bank spend.
- Increase nursery occupation.
- Review of energy spend.

SECTION 4: INCOME

Income Summary

| Income | Annual Plan £000's | In Month | | | Year to Date | | | Forecast | | | Month 2 Variance £000's | Month 3 Variance £000's | Month 4 Variance £000's |
|----------------------------------|-----------------------|----------------|------------------|---------------|----------------|------------------|--------------------|----------------|------------------|--------------------|-------------------------------|-------------------------------|-------------------------------|
| | | Plan £000's | Actual £000's | Var £000's | Plan £000's | Actual £000's | Variance £000's | Plan £000's | Actual £000's | Variance £000's | | | |
| Patient Care Activites - CCG | 180,952 | 14,846 | 14,865 | 20 | 74,285 | 76,138 | 1,853 | 180,952 | 185,602 | 4,650 | 584 | 459 | 864 |
| RTA/OSV | 569 | 47 | -27 | -74 | 237 | 199 | -38 | 569 | 533 | -36 | -2 | 53 | -25 |
| Private Patients | 944 | 79 | 89 | 10 | 394 | 367 | -27 | 944 | 733 | -211 | -9 | -21 | -14 |
| Other Patient Care Income | 1,081 | 90 | 150 | 59 | 451 | 477 | 26 | 1,081 | 1,027 | -54 | -8 | -8 | 5 |
| Total Patient Care Income | 183,547 | 15,062 | 15,077 | 15 | 75,367 | 77,181 | 1,814 | 183,547 | 187,895 | 4,349 | 564 | 484 | 830 |
| Education | 7,489 | 631 | 653 | 22 | 3,204 | 3,222 | 17 | 7,489 | 7,555 | 65 | -24 | 15 | 18 |
| BMI | 2,056 | 171 | 121 | -50 | 855 | 609 | -247 | 2,056 | 1,581 | -475 | -67 | -42 | -47 |
| Provider to Provider | 4,876 | 418 | 515 | 97 | 2,002 | 2,219 | 216 | 4,876 | 5,108 | 232 | 43 | 12 | 61 |
| Income Generation & Other | 8,007 | 664 | 756 | 93 | 3,338 | 3,292 | -46 | 8,007 | 7,712 | -294 | 20 | 55 | -162 |
| | | | | | | | | 0 | | 0 | | | |
| Total Income | 205,975 | 16,946 | 17,123 | 177 | 84,766 | 86,521 | 1,755 | 205,975 | 209,852 | 3,877 | 535 | 524 | 699 |

SLA Income

| Income | Annual Plan £000's | In Month | | | Year to Date | | | Forecast | | | Month 2 Variance £000's | Month 3 Variance £000's | Month 4 Variance £000's |
|------------------------|-----------------------|----------------|------------------|---------------|----------------|------------------|--------------------|----------------|------------------|--------------------|-------------------------------|-------------------------------|-------------------------------|
| | | Plan £000's | Actual £000's | Var £000's | Plan £000's | Actual £000's | Variance £000's | Plan £000's | Actual £000's | Variance £000's | | | |
| Elective | 11,249 | 897 | 482 | -415 | 4,437 | 3,857 | -580 | 11,249 | 9,910 | -1,339 | 72 | 27 | -102 |
| Day Cases | 18,525 | 1,547 | 1,474 | -72 | 7,748 | 7,870 | 122 | 18,525 | 18,848 | 323 | 210 | -13 | -33 |
| Non Elective | 57,517 | 4,667 | 4,846 | 179 | 22,998 | 24,765 | 1,767 | 57,517 | 60,014 | 2,497 | 607 | 314 | 825 |
| Non Elective Threshold | 0 | 0 | -33 | -33 | 0 | -33 | -33 | 0 | -33 | -33 | -414 | 0 | 29 |
| Readmissions | -1,461 | -118 | -118 | 0 | -580 | -580 | 0 | -1,461 | -1,461 | 0 | 25 | 0 | 0 |
| Out Patients | 52,616 | 4,324 | 4,560 | 237 | 21,710 | 22,288 | 578 | 52,616 | 54,404 | 1,788 | 77 | 370 | 99 |
| A&E | 12,178 | 922 | 974 | 52 | 5,092 | 5,162 | 70 | 12,178 | 12,333 | 154 | 37 | -50 | 69 |
| Critical Care | 8,878 | 730 | 841 | 110 | 3,605 | 3,659 | 54 | 8,878 | 8,775 | -103 | -37 | -52 | 9 |
| Direct Access | 8,579 | 715 | 671 | -43 | 3,608 | 3,678 | 70 | 8,579 | 8,853 | 274 | 22 | 30 | 33 |
| High Cost Drugs | 6,888 | 557 | 568 | 11 | 3,000 | 3,018 | 18 | 6,888 | 7,776 | 888 | 0 | -4 | 11 |
| Other | 2,482 | 324 | 269 | -55 | 1,298 | 1,085 | -213 | 2,482 | 2,663 | 182 | -15 | -188 | -3 |
| CQUIN | 3,502 | 279 | 329 | 50 | 1,369 | 1,369 | 0 | 3,502 | 3,520 | 17 | 0 | 25 | -74 |
| SLA Income | 180,952 | 14,846 | 14,865 | 20 | 74,285 | 76,138 | 1,853 | 180,952 | 185,602 | 4,650 | 584 | 459 | 864 |

Reconciliation of commissioner contracts to SLA income per ledger

| Income | Annual Plan £000's | In Month | | | Year to Date | | | Month 2 Variance £000's | Month 3 Variance £000's | Month 4 Variance £000's |
|------------------------------|-----------------------|----------------|------------------|---------------|----------------|------------------|--------------------|-------------------------------|-------------------------------|-------------------------------|
| | | Plan £000's | Actual £000's | Var £000's | Plan £000's | Actual £000's | Variance £000's | | | |
| Commissioner Contracts | 179,317 | 14,756 | 14,865 | 109 | 73,876 | 76,138 | 2,262 | 732 | 450 | 834 |
| Surbiton | 222 | 19 | 0 | -19 | 93 | 0 | -93 | -19 | -19 | -19 |
| Adjust High Cost Drugs | 178 | -2 | 0 | 2 | 178 | 0 | -178 | -129 | 28 | 49 |
| Raynes Park | 1,236 | 73 | 0 | -73 | 139 | 0 | -139 | 18 | 21 | 26 |
| SLA Income per ledger | 180,952 | 14,846 | 14,865 | 20 | 74,285 | 76,138 | 1,853 | 602 | 481 | 890 |

SLA Activity

| Activity | Annual Plan | In Month Spells / Attendances | | | Year to Date Spells / Attendances | | | Month 2 Variance | Month 3 Variance | Month 4 Variance |
|---------------|-------------|-------------------------------|---------|----------|-----------------------------------|-----------|----------|---------------------|---------------------|---------------------|
| | | Plan | Actual | Variance | Plan | Actual | Variance | | | |
| Elective | 4,408 | 386 | 266 | -120 | 1,839 | 1,657 | -182 | 21 | 82 | -112 |
| Day Cases | 21,167 | 1,876 | 1,754 | -122 | 9,047 | 9,980 | 933 | 383 | 388 | 142 |
| Non Elective | 28,025 | 2,261 | 2,480 | 219 | 11,159 | 13,291 | 2,132 | 145 | 586 | 1,093 |
| Out Patients | 307,419 | 27,151 | 24,211 | -2,940 | 129,631 | 130,723 | 1,092 | 976 | 159 | 3,605 |
| A&E | 110,674 | 8,396 | 8,796 | 400 | 46,346 | 47,109 | 763 | 142 | -132 | 321 |
| Critical Care | 9,217 | 758 | 670 | -88 | 3,741 | 3,578 | -163 | -153 | -211 | 136 |
| Direct Access | 2,647,985 | 220,671 | 216,241 | -4,430 | 1,113,835 | 1,184,166 | 70,331 | 9,555 | 16,491 | 25,289 |
| | | | | | | | | | | |

COMMENTARY

Income overall is £0.2m above plan in month and within this CCG patient care income is on plan.

This is a large reduction in the overperformance seen in the last quarter, mainly due to decreased elective income. Some non elective overperformance is still evident (£0.2m) but this has reduced greatly since July. Outpatient performance is also over plan in month which is consistent with performance over the past three months. CCG overperformance is now at £1.9m year to date.

Other highlights of the Trust's SLA performance are as follows are as follows:

- Elective income and day cases together decreased showing a large underperformance of £0.4m in month. The main area of underperformance is in the Emergency Services (incl surgery) division. Within this area a large proportion of the decrease was due to reduced activity due to consultant annual leave. The budget assumed August to be a month with a 'normal' amount of clinics; however, annual leave was not managed in this way in some specialties. Within Cardiology clinical consultant sessions were lost due to additional managerial work being undertaken, the specialty plans to recruit to the now vacant sessions.
- Non elective income had £0.2m of overperformance in month all in Emergency Services mainly in General Medicine but also a significant amount in Geriatric Medicine. The Trust continues to show an increase in non-elective admissions compared to the same period year to date which is driving the overperformance though the non elective activity has slowed in August compared to the previous three months.
- Outpatients in Specialist Services over performed. This was mainly due to continued high intensity of maternity patients. This year maternity payments have changed to a pathway tariff, there is a risk to the Trust that patients recorded at Kingston are covered in the pathway of another provider. A provision for this risk is in the position. Emergency Services also showed overperformance in month in outpatients, in both general Medicine and General Surgery.
- Re-admissions reduction targets have been devolved to divisions. In line with national policy the Trust is not funded for avoidable readmissions. For planning purposes commissioners have agreed with the Trust that 25% of re-admissions would be considered avoidable the charge for this activity is set at zero.
- Pending agreement of CQUIN performance with commissioners, this target has been accrued to the plan of 80%. Targets have been devolved to divisions
- Contract penalties have been estimated and applied to the income figures. Year to date £0.3m of day case to outpatient penalties has been applied. £0.2m is due to plastics as the activity has not moved from day case to an outpatient setting. There is also £0.1m on pain management. £0.1m of new to outpatient follow up penalties has been incurred within Cardiology, Colorectal Surgery, Paediatrics, Respiratory, Rheumatology and Vascular Surgery.

SECTION 5: PAY COSTS

| Costs | Annual Plan | In Month | | | Year to Date | | | Forecast | | | Month 2 | Month 3 | Month 4 |
|---|-----------------|----------------|----------------|-----------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | £000's | Plan £000's | Actual £000's | Variance £000's | Plan £000's | Actual £000's | Variance £000's | Plan £000's | Actual £000's | Variance £000's | Variance £000's | Variance £000's | Variance £000's |
| Medical & Dental | -37,958 | -3,173 | -3,245 | -71 | -15,928 | -15,919 | 9 | -37,958 | -37,861 | 97 | -22 | 12 | 75 |
| Nursing & Midwifery | -45,943 | -3,797 | -3,963 | -166 | -19,277 | -19,979 | -702 | -45,943 | -47,745 | -1,802 | -191 | -176 | -84 |
| AHP | -6,848 | -568 | -544 | 24 | -2,811 | -2,777 | 34 | -6,848 | -6,924 | -76 | -22 | 2 | 16 |
| Scientific, Professional & Tech | -8,549 | -735 | -680 | 55 | -3,562 | -3,431 | 132 | -8,549 | -8,422 | 127 | 50 | 1 | 21 |
| Directors & Managers | -8,097 | -685 | -622 | 63 | -3,373 | -3,238 | 134 | -8,097 | -7,767 | 330 | 30 | 11 | 6 |
| Admin & Clerical | -15,764 | -1,364 | -1,362 | 2 | -6,773 | -6,701 | 72 | -15,764 | -15,705 | 59 | -15 | 58 | -41 |
| Support Staff | -2,679 | -224 | -211 | 13 | -1,118 | -1,101 | 17 | -2,679 | -2,635 | 44 | 6 | -2 | 3 |
| Total Pay before Central Budgets | -125,839 | -10,546 | -10,627 | -81 | -52,842 | -53,145 | -303 | -125,839 | -127,058 | -1,220 | -165 | -93 | -4 |
| Central Budgets | 79 | 8 | -8 | -17 | -4 | -34 | -30 | 79 | -100 | -179 | -41 | 0 | -21 |
| Total Pay | -125,759 | -10,538 | -10,636 | -98 | -52,846 | -53,180 | -333 | -125,759 | -127,158 | -1,399 | -206 | -93 | -25 |

COMMENTARY

Pay costs were £0.1m over plan in month. This is consistent with the pay trend for the year Trust.

The key points to note are:

- Medical staff costs were overspent in month. In month there was a junior doctor rotation and all areas incurred additional double running costs. Within Anaesthetics deanery posts were unfilled and the Emergency Services Division incurred additional locum costs. Radiology had additional reporting costs to aid achievement of the 6 week diagnostic target.
- Nursing pay costs were adverse to plan. Emergency Services overspent on nursing for additional trolleys in the IAU unit. There was also an increase in the number of specials used on the Medicine wards for patients over 90 years old. An infection on the Medical wards also caused increased costs.
- Endoscopy underspent on scientific and technical staff by £20k, this was due to a split of costs between this staff group and nursing and nursing costs in the area overspent by a similar amount. There are also a number of vacancies in pathology which will be filled in September.
- Manager’s costs were underspent in finance due to vacancies. Within Clinical Support Services the correct allocation of the Raynes Park budget caused a large underspend in pay costs, this was offset by an adverse variance in non pay.
- Overall 89% of posts were filled by permanent staff, 5% by agency and 5% by bank. This is a reduction in agency by 1%, mainly in managers and AHPs.

SECTION 6: NON PAY COSTS

| Non Pay | Annual Plan | In Month | | | Year to Date | | | Forecast | | | Month 2 | Month 3 | Month 4 |
|---------------------------------------|----------------|---------------|---------------|-----------------|----------------|----------------|-----------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|
| | £000's | Plan £000's | Actual £000's | Variance £000's | Plan £000's | Actual £000's | Variance £000's | Plan £000's | Actual £000's | Variance £000's | Variance £000's | Variance £000's | Variance £000's |
| Clinical Supplies & Services | -16,005 | -1,372 | -1,358 | 15 | -6,851 | -7,086 | -235 | -16,005 | -16,582 | -577 | -164 | -109 | -87 |
| Drugs | -6,011 | -548 | -568 | -20 | -2,668 | -2,979 | -311 | -6,011 | -6,795 | -784 | -4 | -41 | -180 |
| High Cost Drugs | -6,888 | -557 | -550 | 7 | -3,000 | -3,000 | 0 | -6,888 | -7,757 | -870 | 0 | 0 | -7 |
| Transport | -1,011 | -91 | -112 | -21 | -426 | -527 | -101 | -1,011 | -1,225 | -213 | 17 | -24 | -33 |
| Variable | -29,914 | -2,568 | -2,587 | -19 | -12,945 | -13,592 | -647 | -29,914 | -32,359 | -2,445 | -152 | -175 | -307 |
| Establishment | -1,646 | -156 | -186 | -30 | -712 | -800 | -88 | -1,646 | -1,727 | -81 | -2 | -19 | -84 |
| General Supplies | -1,784 | -154 | -197 | -43 | -751 | -803 | -52 | -1,784 | -1,948 | -164 | -16 | -24 | 9 |
| Other | -2,293 | -263 | -248 | 15 | -1,065 | -1,108 | -43 | -2,293 | -2,406 | -113 | 35 | 43 | -134 |
| Premises | -5,301 | -498 | -527 | -29 | -2,232 | -2,285 | -53 | -5,301 | -5,384 | -83 | 26 | -56 | 14 |
| PFI | -11,445 | -953 | -897 | 55 | -4,731 | -4,714 | 18 | -11,445 | -11,417 | 29 | -31 | -68 | 58 |
| CNST | -6,046 | -512 | -512 | 0 | -2,562 | -2,563 | -1 | -6,046 | -6,081 | -35 | -1 | 0 | 0 |
| Fixed | -28,515 | -2,536 | -2,567 | -31 | -12,052 | -12,273 | -221 | -28,515 | -28,963 | -448 | 12 | -123 | -137 |
| | | | | | | | | 0 | | | | | |
| Non Pay before Central Budgets | -58,429 | -5,104 | -5,154 | -50 | -24,997 | -25,865 | -868 | -58,429 | -61,322 | -2,893 | -140 | -298 | -443 |
| Central Budgets | -6,201 | -213 | -255 | -42 | -1,516 | -1,510 | 6 | -6,201 | -6,134 | 68 | 8 | 3 | 39 |
| Total Non Pay | -64,630 | -5,316 | -5,409 | -92 | -26,513 | -27,374 | -862 | -64,630 | -67,455 | -2,825 | -131 | -295 | -405 |

COMMENTARY

The in month non pay position for August is £0.1m adverse in month. This is a significant improvement from previous months.

The main points to note are:

- Drugs showed an overspend of £20k a reduction from month 4. The main area of overspend year to date was in clinical haematology due to increased activity on chemotherapy drugs. This is now being offset with additional income from commissioners.
- Clinical supplies were underspent for the first time since month 1. Theatres were underspent on surgical equipment, appliances and implants mainly due to the decrease in activity in month. This was offset by £32k overspend on outsourcing to a private hospital (New Victoria).
- General supplies were overspent in Finance due to increased costs of the finance system implementation. Emergency Services overspent on laundry and cleaning equipment.
- Premises were overspent due to additional maintenance costs for a computer contract in pathology.

SECTION 7: STATEMENT OF FINANCIAL POSITION

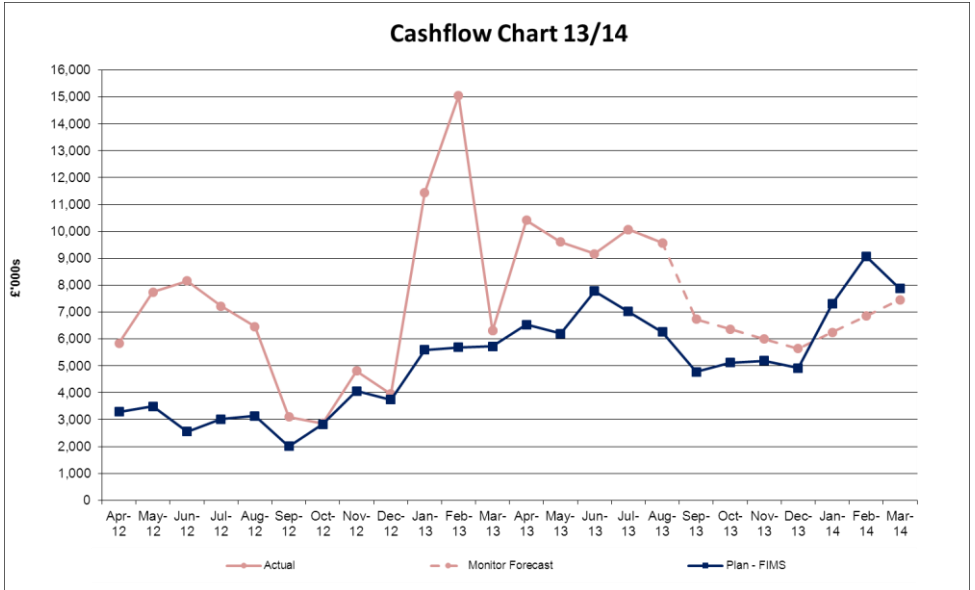
| | 31/03/13 £m | June £m | July £m | August £m | 31/3/14 £m |
|--|----------------|---------------|---------------|---------------|---------------|
| NON CURRENT ASSETS: | | | | | |
| Property plant and equipment | 117.5 | 116.6 | 116.3 | 115.9 | 118.3 |
| Intangible assets | 5.5 | 5.8 | 5.9 | 6.0 | 5.5 |
| Other assets | 0.5 | 0.7 | 0.7 | 0.7 | 0.5 |
| TOTAL NON CURRENT ASSETS: | 123.5 | 123.1 | 122.9 | 122.6 | 124.3 |
| CURRENT ASSETS: | | | | | |
| Inventories | 1.2 | 1.0 | 0.9 | 1.0 | 1.1 |
| Trade and other receivables | 11.2 | 11.0 | 12.7 | 13.6 | 10.0 |
| Cash and cash equivalents | 6.3 | 9.2 | 10.1 | 9.6 | 8.0 |
| TOTAL CURRENT ASSETS | 18.7 | 21.2 | 23.7 | 24.1 | 19.1 |
| CURRENT LIABILITIES: | | | | | |
| Trade and other payables | (20.6) | (23.2) | (24.7) | (24.9) | (19.8) |
| Current Borrowings | (0.9) | (0.9) | (0.9) | (1.0) | (0.9) |
| Current Provisions | (0.6) | (0.5) | (0.5) | (0.5) | (0.6) |
| TOTAL CURRENT LIABILITIES | (22.1) | (24.7) | (26.2) | (26.4) | (21.3) |
| NET CURRENT ASSETS LESS CURRENT LIABILITIES | (3.4) | (3.5) | (2.5) | (2.3) | (2.1) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 120.1 | 119.6 | 120.4 | 120.3 | 122.2 |
| NON CURRENT LIABILITIES: | | | | | |
| Borrowings | (27.7) | (27.5) | (27.4) | (27.3) | (26.6) |
| Provisions | (1.5) | (1.5) | (1.5) | (1.5) | (1.5) |
| Other liabilities | | | | | |
| TOTAL ASSETS EMPLOYED | 90.8 | 90.6 | 91.6 | 91.6 | 94.0 |
| FINANCED BY | | | | | |
| TAXPAYERS EQUITY: | | | | | |
| Public Dividend Capital | 58.0 | 58.0 | 58.0 | 58.0 | 58.0 |
| Revaluation reserve | 15.8 | 15.8 | 15.8 | 15.8 | 16.6 |
| Retained Earnings | 17.0 | 16.8 | 17.7 | 17.7 | 19.3 |
| TOTAL TAXPAYERS EQUITY | 90.8 | 90.6 | 91.6 | 91.6 | 94.0 |

COMMENTARY

- Cash has decreased by £0.5m which is linked to a decrease in income received from SLAs with NHS organisations in month.
- Trade creditors increased slightly in month by £0.2m. The Trust is working to decrease long term creditors in the system and maintain a steady state on invoices being processed by the Trust.
- In month trade and other receivables increased by £0.8m mainly due to the accrual of income overperformance for RMH, SWLEOC and drugs recharges to NHS organisations.
- The balance sheet, including previous months, has been adjusted for the movement in PFI as required by the auditors.

SECTION 8: CASH FLOW STATEMENT

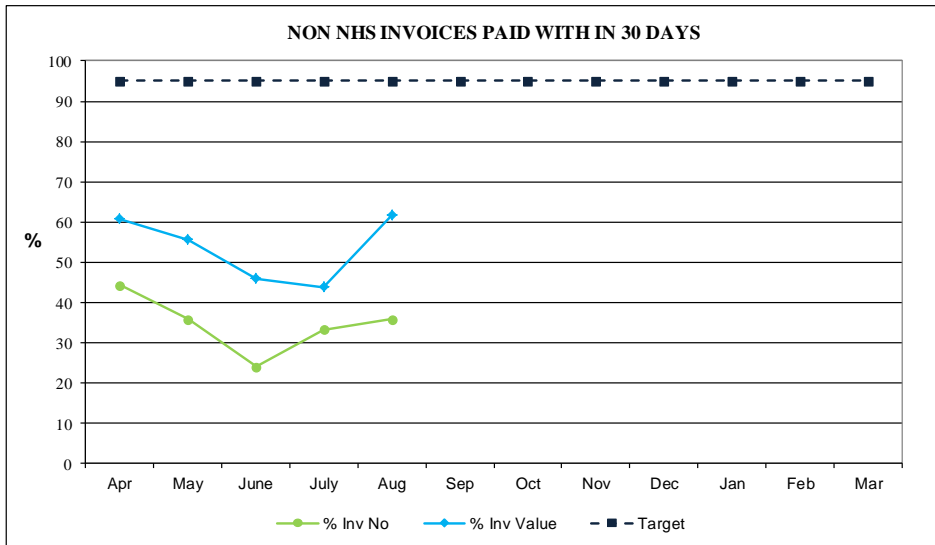
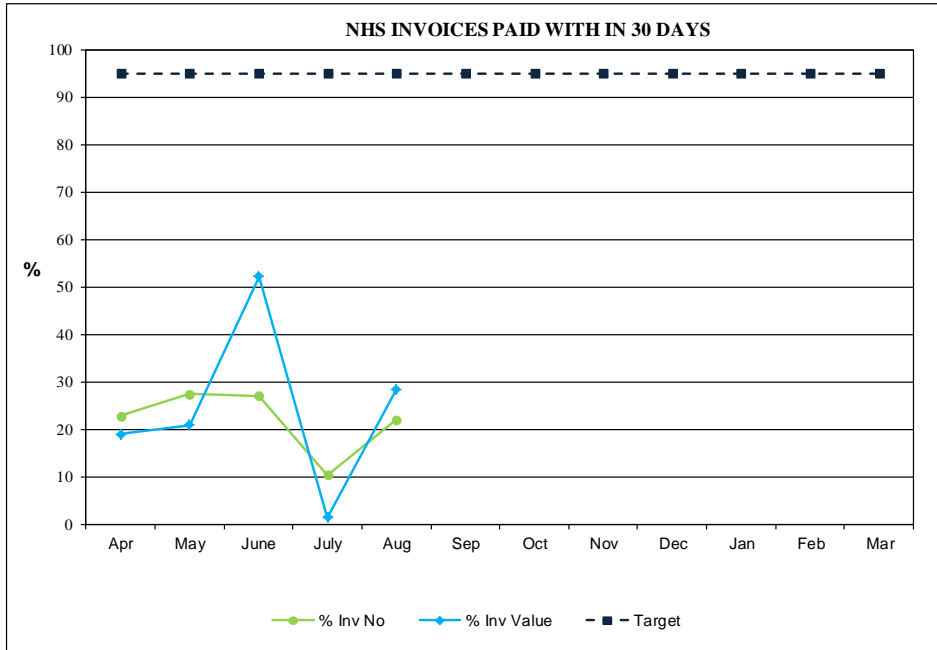
| | Aug £m |
|--|--------------|
| Surplus/(deficit) after tax | (0.0) |
| Non-cash flows in operating surplus/(deficit) | |
| Depreciation and amortisation | 0.6 |
| PDC dividend expense | 0.2 |
| Other non cash increases/(decreases) to reconcile to profit/(loss) from operations | 0.1 |
| Non-cash flows in operating surplus/(deficit) | 0.9 |
| Operating Cash flows before movements in working capital | 0.9 |
| Increase/(Decrease) in working capital | |
| (Increase)/decrease in inventories | (0.1) |
| (Increase)/decrease in Trade and other receivables | (0.9) |
| Increase/(decrease) in Current provisions | 0.0 |
| Increase/(decrease) in Trade and other payables | (0.2) |
| Increase/(Decrease) in working capital | (1.1) |
| Net cash inflow/(outflow) from operating activities | (0.3) |
| Net cash inflow/(outflow) from investing activities | |
| Property Plant and Equipment | (0.2) |
| Intangible assets | 0.0 |
| Other assets | 0.0 |
| Net cash inflow/(outflow) from investing activities | (0.2) |
| Net cash inflow/(outflow) from financing activities | |
| Borrowings | (0.1) |
| Net cash inflow/(outflow) from financing activities, Total | (0.1) |
| Net increase/(decrease) in cash | (0.6) |
| Opening cash | 10.1 |
| Closing cash | 9.5 |



COMMENTARY

- The cash position decreased by £0.5m but continues to exceed the plan submitted to Monitor.
- The in-month decrease in cash is driven by movements in the working capital of the Trust and the decreased surplus. This is in line with the Trust forecast for the month.
- Payments to creditors are at a similar level to that before the introduction of the new finance system. The Trust is working to ensure that all creditors are paid in a timely manner.

Better Payments Practice Code

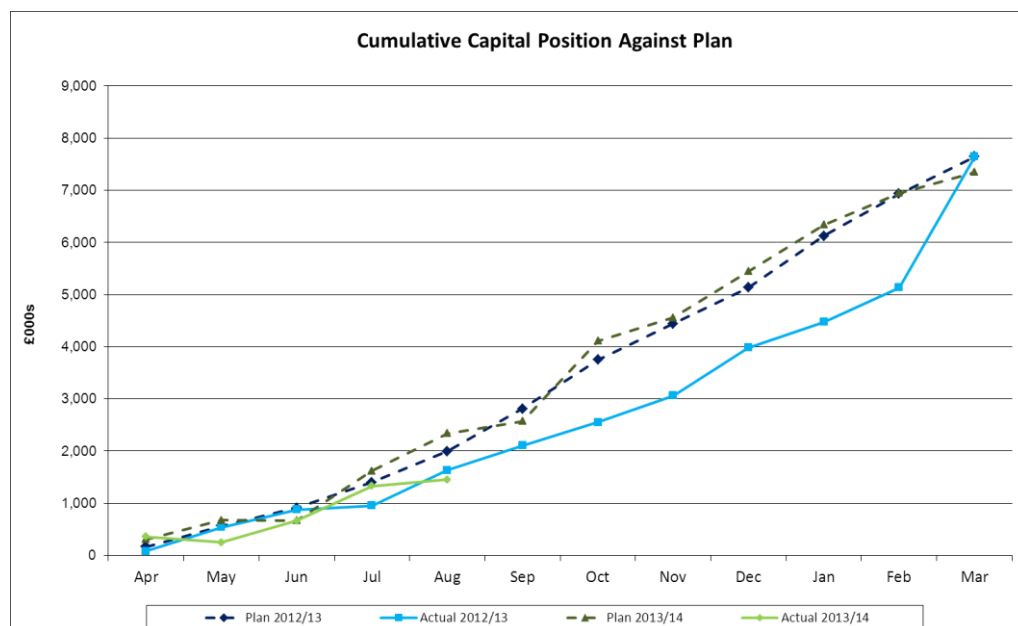


COMMENTARY

- All areas by value and by volume missed the target of 95% in month.
- The position continues to be below the set target, but has increased in month for all areas. New processes are being put in place to ensure that invoices are paid promptly.
- The finance department continue to work with all our suppliers by undertaking multiple payment runs per week to ensure timely payment of all authorised invoices within 30 days.
- The purchase to pay process is a key part of the systems optimisation project undertaken in finance. Measures are being put in place to capture and manage the journey all new invoices coming into the Trust, which will further improve ratings. However, for the next few months we will continue to see the effect of the old invoices that are currently in the Trust and are coming back into finance after the 30 day mark.

SECTION 9: CAPITAL

| | 2013/14 Capital Budget £000 | Plan £000 | Spend £000 | Variance £000 |
|----------------------------------|--------------------------------------|--------------|---------------|------------------|
| ESTATES TOTAL | 3,011 | 878 | 475 | 403 |
| EQUIPMENT TOTAL | 991 | 186 | 60 | 126 |
| IT TOTAL | 3,285 | 1,144 | 920 | 224 |
| ADJUSTMENTS | | | | |
| 2012/13 Schemes | 133 | 133 | - | 133 |
| Disposals | - | - | - | - |
| Net Scheme Slippage | (76) | - | - | - |
| ADJUSTMENTS TOTAL | 57 | 133 | - | 133 |
| TRUST CAPITAL PROGRAMME | 7,344 | 2,341 | 1,455 | 886 |
| Charitable Fund Donations | 300 | | | |
| TOTAL CAPITAL PROGRAMME | 7,644 | 2,341 | 1,455 | 886 |



COMMENTARY

- As at Month 5, the Trust had Capital Expenditure of £1.5m. This is overall £0.8m below the Trust's planned expenditure of £2.3m with underperformance in all areas of the programme.
- The finance team has been working with the Trust to ensure that the performance in Q2 will be within Monitor targets.
- A number of large estates schemes are still in the design/planning stage but the expectation is that the planned expenditure will come in to line for quarter 3.
- Where IMT schemes are under plan the orders have been placed and delivery of services is expected in Q2.
- To meet the Monitor secondary indicator the Trust must have spent 75% of plan by the end of September. This is a spend of £0.5m in month compared to a spend of £0.1m in August.
- The Trust is forecasting to meet the target of £7.3 million by the end of the financial year.

SECTION 10: FINANCIAL RISK RATING (FRR)



EBITDA margin
 EBITDA, % achieved
 NRAF (Net return after financing)
 I&E surplus margin
 Liquid ratio

| Weight | 5 | 4 | 3 | 2 | 1 |
|-----------------------------------|------|------|-----|-------|-----|
| EBITDA margin | 25% | 11% | 9% | 5% | 1% |
| EBITDA, % achieved | 10% | 100% | 85% | 70% | 50% |
| NRAF (Net return after financing) | 20% | 3% | 2% | -0.5% | -5% |
| I&E surplus margin | 20% | 3% | 2% | 1% | -2% |
| Liquid ratio | 25% | 60 | 25 | 15 | 10 |
| | 100% | | | | |

| | 12/13 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 |
|-----------------------------------|-------|-------|-------|-------|-------|-------|
| Heading | M12 | M1 | M2 | M3 | M4 | M5 |
| EBITDA margin | 7.0% | 4.0% | 6.0% | 5.7% | 6.4% | 6.4% |
| EBITDA, % achieved | 101% | 96% | 109% | 112% | 100% | 100% |
| NRAF (Net return after financing) | 2.1% | -0.3% | -0.4% | -1.0% | -0.1% | -0.1% |
| I&E surplus margin | 1.2% | -2.2% | -0.2% | -0.6% | 0.9% | 0.7% |
| Liquid ratio (days) | 18.4 | 17.4 | 18.2 | 18.1 | 21.9 | 23.0 |

| | 12/13 | 13/14 | 13/14 | 13/14 | 13/14 | 13/14 |
|-----------------------------------|-------|-------|-------|-------|-------|-------|
| Heading | M12 | M1 | M2 | M3 | M4 | M5 |
| EBITDA margin | 3 | 2 | 3 | 3 | 3 | 3 |
| EBITDA, % achieved | 5 | 4 | 5 | 5 | 5 | 5 |
| NRAF (Net return after financing) | 4 | 3 | 3 | 2 | 3 | 3 |
| I&E surplus margin | 3 | 1 | 2 | 2 | 2 | 2 |
| Liquid ratio (days) | 3 | 3 | 3 | 3 | 3 | 3 |

| | | | | | | |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Weighted average FRR | 3.40 | 2.45 | 3.00 | 2.80 | 3.00 | 3.00 |
| Rounded Weighted average FRR | 3.00 | 2.00 | 3.00 | 3.00 | 3.00 | 3.00 |

| | | | | | | |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Overriding rules rating | 4.00 | 2.00 | 4.00 | 3.00 | 4.00 | 4.00 |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|

| | | | | | | |
|-----------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Overall Rating | 3.00 | 2.00 | 3.00 | 3.00 | 3.00 | 3.00 |
|-----------------------|-------------|-------------|-------------|-------------|-------------|-------------|

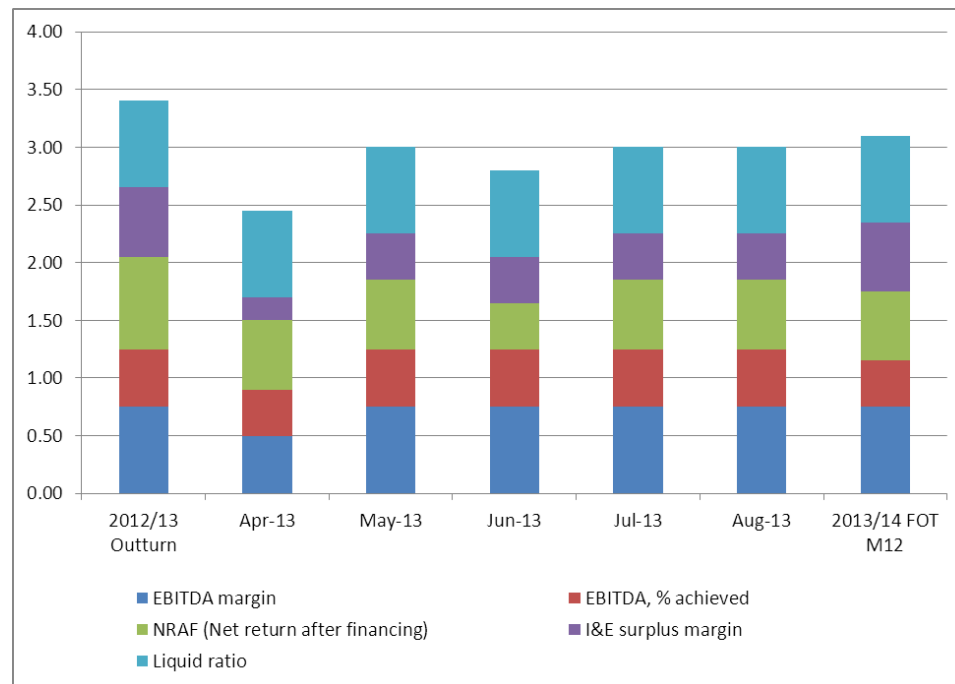
| 13/14 | 12/13 |
|---------|-------|
| M12 FOT | M12 |
| 7.1% | 7.0% |
| 98% | 101% |
| 1.6% | 2.1% |
| 1.1% | 1.2% |
| 22.5 | 18.4 |

| 13/14 | 12/13 |
|---------|-------|
| M12 FOT | M12 |
| 3 | 3 |
| 4 | 5 |
| 3 | 4 |
| 3 | 3 |
| 3 | 3 |

| | |
|-------------|-------------|
| 3.10 | 3.40 |
| 3.00 | 3.00 |

| | |
|-------------|-------------|
| 4.00 | 4.00 |
|-------------|-------------|

| | |
|-------------|-------------|
| 3.00 | 3.00 |
|-------------|-------------|



COMMENTARY

At month 5 the Trust has an FRR of 3. The Trust is planning for an FRR of 3 in every quarter as required by Monitor and the forecast outturn for the Trust is an FRR of '3'.

In Monitor's new regulatory framework, Kingston will report a 2 out of 4 for Q1, and a 3 out of 4 for each of the other quarters.