

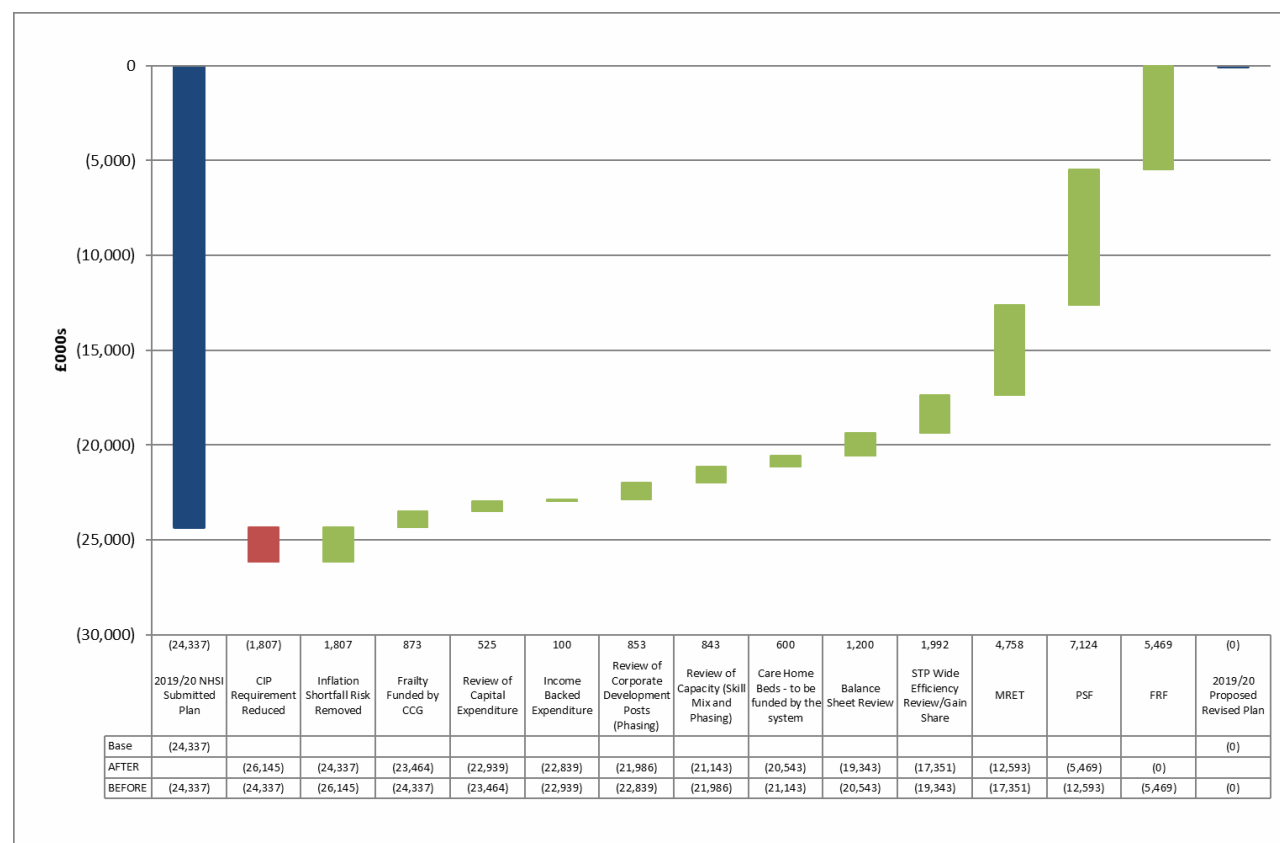
Cover page

Meeting	<i>Trust Board</i>
Paper Title	Financial Strategy 2019/20
Date of meeting	30 th May 2019
Date paper was written	23 rd May 2019
Responsible Director	Finance Director
Author	Jill Price, Finance Team

Executive Summary

The paper provides an update on the Trust's 2019/20 financial strategy following feedback from NHSI/E on the 16th April 2019 whereby the Trust was requested to review its finance plan for the 2019/20 financial year with the expectation that the Trust should be able to meet its initial breakeven control total target.

Work has been undertaken internally since, including a presentation to the Senior Leadership Team illustrating the challenges the Trust faces and the level of savings required. This has included a number of suggestions to reduce the scale of the gap including; income backed schemes, capital expenditure, balance sheet review, phasing of developments, the skill mix and phasing of additional capacity and STP wide efficiencies.



The bridge above shows how the Trust can deliver a potential breakeven position based upon a set of key actions. It is important to note at this stage, the detail is still being reviewed by the care group and corporate teams following an action from the Waste Reduction Group on the 24th April 2019. Agreement of the implementation of residual investments will only be given once equivalent efficiencies are identified.

For information, this paper has been shared with NHSI/E on the 25th April 2019.

considered by

The Board is asked to:

<input checked="" type="checkbox"/> Approve	<input type="checkbox"/> Receive	<input type="checkbox"/> Note	<input type="checkbox"/> Take Assurance
To formally receive and discuss a report and approve its recommendations or a particular course of action	To discuss, in depth, noting the implications for the Board or Trust without formally approving it	For the intelligence of the Board without in-depth discussion required	To assure the Board that effective systems of control are in place

Link to CQC domain:

<input checked="" type="checkbox"/> Safe	<input checked="" type="checkbox"/> Effective	<input checked="" type="checkbox"/> Caring	<input checked="" type="checkbox"/> Responsive	<input checked="" type="checkbox"/> Well-led
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Link to strategic objective(s)	<p><i>Select the strategic objective which this paper supports</i></p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> PATIENT AND FAMILY Listening to and working with our patients and families to improve healthcare <input checked="" type="checkbox"/> SAFEST AND kinDEST Our patients and staff will tell us they feel safe and received kind care <input checked="" type="checkbox"/> HEALTHIEST HALF MILLION Working with our partners to promote 'Healthy Choices' for all our communities <input checked="" type="checkbox"/> LEADERSHIP Innovative and Inspiration Leadership to deliver our ambitions <input checked="" type="checkbox"/> OUR PEOPLE Creating a great place to work
Link to Board Assurance Framework risk(s)	<p>RR 670 If we are unable to resolve the structural imbalance in the Trust's Income & Expenditure position then we will not be able to fulfil our financial duties & address the modernisation of our ageing estate & equipment.</p> <p>RR1187 If we do not deliver our Waste Reduction Schemes and budgetary control totals then we will be unable to invest in services to meet the needs of our patients.</p>

Equality Impact Assessment	<ul style="list-style-type: none"> <input checked="" type="radio"/> Stage 1 only (no negative impact identified) <input type="radio"/> Stage 2 recommended (negative impact identified and equality impact assessment attached for Board approval)
Freedom of Information Act (2000) status	<ul style="list-style-type: none"> <input type="radio"/> This document is for full publication <input type="radio"/> This document includes FOIA exempt information <input checked="" type="radio"/> This whole document is exempt under the FOIA
Financial assessment	As above.

FINANCIAL STRATEGY 2019/20

1. Introduction

The combined effects of increased levels of activity, workforce difficulties and the need to respond appropriately to the requirements placed upon the Trust by the CQC following inspection have understandably heavily influenced the shape of the Trust's budget for the 2019/20 financial year.

This paper describes the construction of the 2019/20 budget. Specifically:

- It begins by describing how the recurrent position of the Trust worsened during the year, and
- then progresses to describe a volume of spending commitments that are necessary to enable the Trust to respond to increased levels of activity and better manage its quality and safety risks.

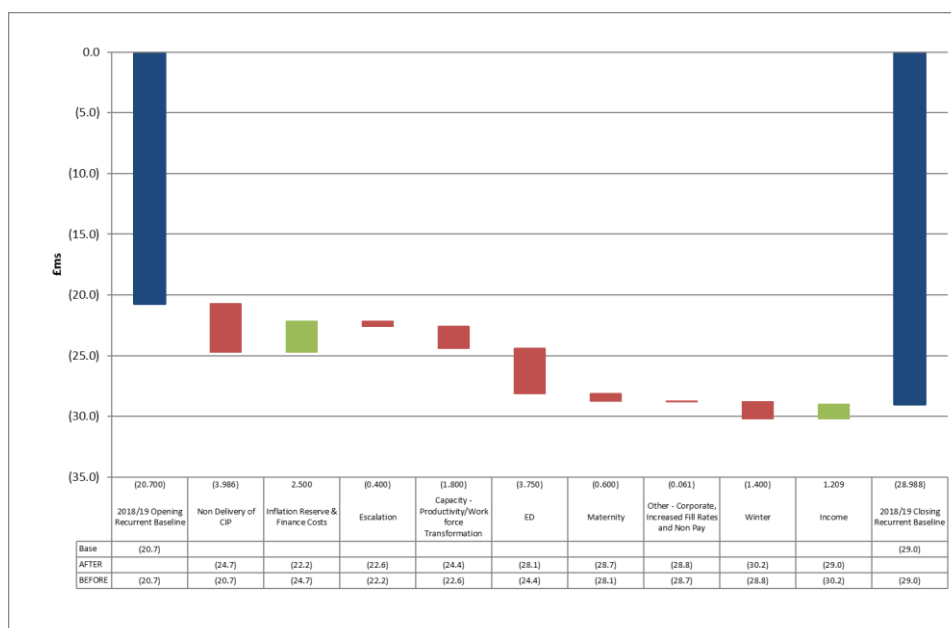
In doing so, the paper also describes the Trust's waste reduction programme and also how its plans compare with the financial performance expectations that have been placed upon the Trust by its regulator NHSI.

The 2019/20 budget is then incorporated into a revised medium term financial model to determine the financial impact arising from:

- 2018/19 and 2019/20 spending commitments,
- recent changes to NHS funding (through revised National Tariffs); and
- a more recent understanding of key variables within the Sustainability Services programme

2018/19 financial year

The Trust began the 2018/19 financial year with a recurrent deficit amounting to £20.7 million, during the course of the year the scale of the recurrent deficit has risen to £29.0 million, as illustrated in the bridge diagram below.



- Cost Improvement programme – In the 2018/19 financial year the Trust identified waste reduction schemes amounting to £8.9 million. As can be seen from the table below it is forecast that the actual level of savings will amount to £4.9 million against, a shortfall of £4.0 million.

Waste Reduction Savings Programme 2018_19					
Scheme	Efficiency Programme Area		Plan	FOT	Variance
Stranded Patients					
Unavailability	Workforce (Nursing)	✔	960	68	(892)
Escalation	Workforce (Nursing)	✔	700	510	(190)
Nurse Agency premium	Workforce (Nursing)	✔	1,550	1,069	(481)
Total Stranded Patients		✔	3,210	1,647	(1,563)
Procurement	Procurement	✔	1,300	1,090	(210)
Income Reduction					
W&C's Addressing Income Reduction	Workforce (Nursing)	✔	1,084	0	(1,084)
Radiology Addressing Income Reduction	Imaging	✔	416	450	34
Total Income Reduction		✔	1,500	450	(1,050)
Other					
Theatres, Outpatients and Endoscopy	Workforce (Medical)	✔	750	363	(387)
Ophthalmology Consolidation	Other Savings plans	✔	50	0	(50)
Corporate Services 1&2		✔	500	348	(152)
Housekeeping	Other Savings plans	✔	1,250	859	(391)
WLI	Workforce (Medical)	✔	150	0	(150)
Drug Spend	Hospital Medicine and Pharmacy	✔	180	169	(11)
Total Other		✔	2,880	1,740	(1,140)
Grand Total		✔	8,890	4,927	(3,963)

- Inflation reserves – The Trust had set an inflation budget based upon a blended pay and non pay inflation rate of 2.7%, the actual level of inflationary funding introduced into budgets during the year has amounted to 2.4%. This has generated recurrent cost savings amounting to £1.2 million.
- Finance charges – In the 2017/18 financial year the Trust commissioned Deloitte to undertake a revaluation of the Trust estate. This exercise introduced financial gain into the 2017/18 financial position and has also provided a full year effect gain into the 2018/19 position amounting to £1.3 million.
- Winter pressures – The Trust had established a reserve to underwrite the cost of additional costs associated with the winter period amounting to £2.2 million, the actual level of spending in the year amounted to £3.6 million. In setting the budget for the 2019/20 year it has been assumed that these additional costs will continue on a recurrent basis. This is consistent with the planning for bed capacity as described within the operating plan.
- Emergency Care – The combined effect of non elective activity exceeding planned levels and the requirement to create greater resilience within ED through the employment of increased levels of Medical and Nursing staff has introduced additional costs amounting to £3.8 million. The Trust has also committed in the 2018/19 year to increase Medical establishments. These are described in the following table.

	2018/19	2019/20	Change
	Budget	Proposed Budget*	
	WTE	WTE	
Nursing	85	108	23
Consultant	10	12	2
Middle Grade	17	39	21
SHO	21	29	8
Total	133	187	54

*Average for the year

- Income – Increased non elective activity has increased available recurrent income into the Trust by £3.9 million (pre MRET and Readmission, post CDU adjustment) however, the scale of increased income has been compromised by a substantial reduction in the level of income generated in elective daycase and inpatient activity (£1.8 million), critical care (£0.4 million) and rehab (£0.4 million).

Care Group	Point of Delivery	OCA Sub Group	Variance
			£000s
Scheduled Care	First Attendance		961
	Follow Up Attendance		(266)
	Outpatient Procedure		(27)
	Elective DC		(594)
	Elective IP		(52)
	Non Elective		(183)
	Non Elective Other		(87)
	Other Services		351
Scheduled Care Total			104
Unscheduled Care	A&E		835
	First Attendance		(521)
	Follow Up Attendance		146
	Outpatient Procedure		(33)
	Elective DC		91
	Elective IP		5
	Non Elective		5,357
	Non Elective Other		(175)
	Other Services		(519)
CDU Adjustment		(1,288)	
Unscheduled Care Total			3,897
Women and Children's	First Attendance		(9)
	Follow Up Attendance		(163)
	Outpatient Procedure		(182)
	Elective DC		(356)
	Elective IP		(899)
	Non Elective		56
	Non Elective Other		218
	Other Services		(300)
Women and Children's Total			(1,634)
Other (including MRET and Readmissions)			(1,166)
Grand Total			1,200

The table above shows the level of income within each of the respective care groups. As can be seen the Women and Children's care group records another significant loss (£1.6 million) in the 2018/19 year, this coupled with the £2.0 million reduction seen during 2017/18 takes the total to a reduction in Women and Children's care group income over a two year period to £3.6 million.

2019/20 financial year

The effect of the above has meant that the Trust enters the 2019/20 financial year with a recurrent deficit amounting to £29.0 million.

In developing the 2019/20 budget, consideration is made of:

- a. Additional funding requests, and
- b. Inflationary pressures and cost improvement delivery

Additional funding requests

In developing the budgets for the 2019/20 financial year the approach adopted has been to build budgets based upon conversation with budget holders so as to reflect their understanding of the level of additional funds that they would wish to receive in the 2019/20 financial year.

It is possible to categorise the requests for additional funding into a series of categories, as presented in the table below.

	Recurrent	Non Recurrent	Total
	£ms	£ms	£ms
2018/19 Closing Recurrent Baseline	(29.0)	0.0	(29.0)
Capacity Issues	(7.7)	1.4	(6.3)
CQC Must Do's	(2.9)	1.4	(1.5)
Risk Scores>20	(1.1)	0.5	(0.6)
Items already approved	(4.1)	2.6	(1.5)
Regulatory Compliance	(0.4)	0.0	(0.4)
Residual Pressures not yet Categorised	(5.1)	0.5	(4.6)
Residual Pressures Income Backed	2.0	(0.9)	1.1
<i>Sub Total 2019/20 Pressures</i>	<i>(19.3)</i>	<i>5.6</i>	<i>(13.7)</i>
Total Proposed Recurrent 2019/20 Position	(48.3)	5.6	(42.7)
Demographic Gain	5.6		5.6
Total Proposed Recurrent 2019/20 Position Including Demographic Gain	(42.7)	5.6	(37.1)

As can be seen the recurrent value associated with the additional funding amounts to £19.3 million and in doing so increases the scale of the Trust's recurrent deficit to £42.7 million. It is recognised however, that this increase will not occur immediately from the 1st of April 2019 and as such a level of non recurrent gain will occur in the 2019/20 financial year. Adjusting for the Non recurrent gain reduces the in year deficit to £37.1 million.

The tables below detail the schemes associated with each of the high level additional funding amounts identified above:

	Recurrent	Non Recurrent	Total
	£ms	£ms	£ms
Capacity Issues			
Capacity - Extension of SaTH2Home	(0.5)	0.0	(0.5)
Capacity - PRH New Ward	(2.9)	1.7	(1.2)
Capacity - Escalation beds open all year	(1.0)	0.0	(1.0)
Capacity - Ambulatory Care GPs	(0.2)	0.0	(0.2)
Capacity - Additional Care Home Beds	(0.5)	0.0	(0.5)
Capacity - Ward 35	(2.0)	0.0	(2.0)
Capacity - Stranded Patient Post	(0.1)	0.0	(0.1)
Capacity - Acute Medicine Consultants (4 WTE)	(0.6)	(0.3)	(0.9)
Total Capacity Issues	(7.7)	1.4	(6.3)

CQC Must Do's	Recurrent	Non Recurrent	Total
	£ms	£ms	£ms
CQC Must Do - Scrub Nurses (Maternity)	(0.4)	0.1	(0.3)
CQC Must Do - Additional Midwives (10 WTE)	(0.4)	0.1	(0.3)
CQC Must Do - Additional Maternity Staffing - Birthrate Plus as per Report Received 01.04.2019 (6.5 WTE)	(0.3)	0.1	(0.1)
CQC Must Do - PMO Team	(0.2)	0.0	(0.2)
CQC Must Do - Sepsis Nurse	(0.1)	0.0	(0.1)
CQC Must Do - Workforce Assurance/Recruitment Development	(0.1)	0.0	(0.1)
CQC Must Do - OD Transformation	(0.2)	0.1	(0.1)
CQC Must Do - Critical Care Section 29a	(1.1)	0.6	(0.6)
CQC Must Do - A&E Workforce Plan (Medical & Year 1 Nursing Plan) (£1.2m Included in baseline)	0.0	0.4	0.4
CQC Must Do - End of Life Care Pathway	(0.2)	0.0	(0.2)
Total CQC Must Do's	(2.9)	1.4	(1.5)

Risk Scores>20	Recurrent	Non Recurrent	Total
	£ms	£ms	£ms
Risk Score>20 - High Value Diagnostic Equipment	(1.0)	0.5	(0.5)
Risk Score>20 - Support Services Antibiotic Sensitivity Testing Business Case	(0.1)	0.0	(0.1)
Total Risk Scores>20	(1.1)	0.5	(0.6)

Items already approved	Recurrent	Non Recurrent	Total
	£ms	£ms	£ms
Already approved - New Director Posts	(0.4)	0.2	(0.2)
Already approved - HEE Additional HR Spend	0.0	(0.2)	(0.2)
Already approved - Unscheduled Care Fill Rate	0.0	(0.0)	(0.0)
Already approved - Womens & Children's Legacy Case Review	0.0	(0.2)	(0.2)
Already approved - Council Tax Change	(0.0)	0.0	(0.0)
Already approved - Scheduled Care Medical/Consultant Spend Locum Cover	(0.2)	0.0	(0.2)
Already approved - ShropDoc Contract - Bed Bureau	(0.0)	0.0	(0.0)
Already approved - Unscheduled Care Management Team Support	0.0	0.0	0.0
Already approved - CESR/Clinical Fellowship Admin	(0.1)	0.0	(0.1)
Already approved - Recruitment & Retention Payments for A&E Middle Grade Appointments	0.0	(0.2)	(0.2)
Already approved - Recruitment Fees for Remedium for A&E Middle Grades	0.0	(0.4)	(0.4)
Already approved - Gastro Business Case	(0.8)	0.6	(0.2)
Already approved - Moorhouse	0.0	(0.4)	(0.4)
Already approved - Deputy HR Director	(0.1)	0.1	0.0
Already approved - Chief Communications Officer	(0.1)	0.0	(0.1)
Already approved - STP Project Manager	(0.1)	0.0	(0.1)
Already approved - Reserves (increased Premium/CEAs/SSP NR Transitional Costs)	(1.3)	(2.0)	(3.3)
Already approved - SSP Finance Costs	(1.0)	5.0	4.0
Total Items already approved	(4.1)	2.6	(1.5)

Regulatory Compliance	Recurrent	Non Recurrent	Total
	£ms	£ms	£ms
Regulatory Compliance - Cyber Security Team	(0.1)	0.0	(0.1)
Regulatory Compliance - Test Assurance Disaster Recovery	(0.0)	0.0	(0.0)
Regulatory Compliance - JAC Support - FMD Upgrade	(0.0)	0.0	(0.0)
Regulatory Compliance - Annual Statutory Compliance Surveys & Updating of Six Facet Survey	(0.1)	0.0	(0.1)
Regulatory Compliance - Pathology Standards	(0.1)	0.0	(0.1)
Regulatory Compliance - Trainee Fire Advisor	(0.0)	0.0	(0.0)
Total Regulatory Compliance	(0.4)	0.0	(0.4)

Residual Pressures not yet Categorised	Recurrent	Non Recurrent	Total
	£ms	£ms	£ms
Capacity - other/productivity	(1.1)	(1.9)	(2.9)
Maternity	(0.2)	0.4	0.2
Other	(1.9)	1.1	(0.8)
Income backed	(2.0)	0.9	(1.1)
Total Residual Pressures not yet Categorised	(5.1)	0.5	(4.6)

For full details on the residual pressures not yet categorised please refer to Appendix 1.

It is important to note that in addition to these areas the exercise also pointed to further funding required in support of:

- 7 day working
- Developing Stroke Rehab in the Community
- Opening additional CDU space on the RSH site
- GIRFT recommendation (Wards 4,8 and 17)
- Transfer of Ward 11
- Medical Records
- Reporting Radiographer Training
- Revised Management Structure
- Clinical Site Management – annual leave cover

It has not been possible however, to describe in detail the expectations of service delivery in respect of these areas, as such the finance team have been unable to compute a realistic cost estimate and was approved via the Prioritisation Process.

The scale of the recurrent deficit was shared with the Trust's Senior Leadership Team alongside the proposed investments through a series of prioritisation workshops. The workshops were also aligned to the Operational Plan objectives. This resulted in the series investments described previously, alongside the scale of Cost Improvement required.

Inflation funding

Cost inflation

The Trust has produced a blended rate of 3.8%, based upon the assumption that inflation will impact upon its costs base as follows:

	National Assumptions	SaTH Planning Assumptions	SaTH Planning Assumptions
	%	%	£000s
Pay	3.5%	3.5%	8,990
Non Pay	1.8%	4.5%	5,127
Drugs	0.6%		
CNST	-1.0%		
Finance Costs	1.8%	3.8%	517
Blended Rate	2.8%	3.8%	14,634

Incorporated within tariff is an allowance to support the cost of Inflation, this is estimated to introduce additional income into the 2019/20 year amounting to £12.3 million.

The cost improvement target for the 2019/20 year requires the Trust to deliver savings to cover the expected level of expenditure inflation after allowing for the funding provided through Tariff. The level of cost improvement that is required therefore amounts to £4.2 million, expressed as a percentage of turnover (used by NHSI to determine appropriateness of scale of ambition) this produces a CIP target percentage of 1.1%.

In setting the Trust's control total for the year the Trust as a challenged financial organisation is required to supplement its internally generated target with a further sum of £1.7 million. Consolidating the additional sum then results in the Trust being required to deliver cost efficiency savings in the year amounting to £6.0 million or 1.5%.

In order to achieve the Control Total, the scale of savings required amounts to £18.9m. The Cost Improvement Programme has been developed via the Waste Reduction Group and the Senior Leadership Team. Described below is the Cost Improvement Programme for 2019/20. This represents a challenging scale of cost improvement for the Trust. Progress on delivery will be monitored via the Waste Reduction Group.

Schemes	£m
Care Group CIP schemes (Green)	1.1
Procurement CIP schemes	2.0
Frailty funding	0.9
SSP Staffing Capitalisation	0.5
New post external funding	0.1
19/20 Development phasing (PYE saving)	0.9
Sath to Home	1.3
Balance Sheet flexibility	1.2
Income inflation	1.8
STP OPD/Elective schemes	1.0
Sub Total	10.7
Further Opportunities being developed	
Further 19/20 Development phasing (PYE saving)	0.9
Care Group Amber/Red Schemes	3.3
GIRFT	3.0
Sickness/Clinical efficiency	0.5
Medicines spend	0.3
Other	0.1
Other Schemes	8.1
Total	18.9

Agency spending

In the 2019/20 financial year, the Trust will be required to work towards reducing the level of agency spending so as to be consistent with the agency ceiling target issued by NHSI, currently the Trust is presenting an adverse variance of £5.5 million away from the agency ceiling. During the 2018/19 year, workforce pressures, particularly related to ED, resulted in the level of agency spending increasing and is estimated to amount to £17.1 million. Further spending commitments identified for 2019/20 lead to a further increase in agency spending and it is now anticipated that agency spending in year will amount to £19.1 million.

	Forecast Outturn	Indicative	Variance
	2018/19	Agency Spend	
	£000s	£000s	£000s
Consultants	(2,958)	(4,500)	(1,542)
Medical Staffing	(4,312)	(3,075)	1,237
Non Clinical	(34)	(34)	0
Nursing	(9,316)	(11,084)	(1,769)
Other Clinical	(464)	(452)	12
Total	(17,084)	(19,146)	(2,062)
Agency Ceiling	(10,559)	(14,232)	(2,582)
Variance	(6,525)	(4,914)	520

Summary financial position and control total

On the 15th January 2019 NHSI issued the Trust with a control total for the year of £17.351m. The table below describes from the Trusts opening financial position and the key financial commitments in order to achieve this control total that were agreed by the Senior Leadership Team.

	Recurrent	Non Recurrent	Total
	£000s	£000s	£000s
2018/19 Closing Recurrent Baseline	(28,988)	0	(28,988)
Capacity Issues	(7,717)	1,441	(6,276)
CQC Must Do's	(2,902)	1,421	(1,481)
Risk Scores>20	(1,070)	500	(570)
Items already approved	(4,121)	2,586	(1,535)
Regulatory Compliance	(352)	0	(352)
Residual Pressures not yet Categorised	(5,083)	464	(4,619)
<i>Total Investment</i>	<i>(21,245)</i>	<i>6,412</i>	<i>(14,833)</i>
Income Backed Residual Pressures	1,972	(856)	1,116
Demographic Gain	5,600		5,600
Inflationary shortfall - Risk	(1,808)		(1,808)
Total Proposed 2019/20 Position pre Support	(44,469)	5,555	(38,914)
Control Total (Rebased baseline position excluding Support)			(24,170)
Variance			(14,744)
<u>Control Total Adjustments</u>			
Tariff Adjustment (including inflation and 1.1% CIP requirement)	5,096		5,096
Additional CIP	1,723		1,723
<u>Other Adjustments</u>			
Additional 1.5% CIP	5,950		5,950
Inflationary shortfall - Risk Review	1,808		1,808
Further Management Action		6,986	6,986
Total Proposed 2019/20 Position	(29,892)	12,541	(17,351)
Control Total post additional efficiency			(17,351)
Variance			(0)

In order for the Trust to achieve a balanced financial position, the scale of the Cost Improvement Programme amounts to £18.9m. In addition the Trust will receive Central Funding amounting to £17.4m.

The effect of signing up to the delivery of the control total, means that the Trust will receive central funding to enable an Income and Expenditure balanced position to be achieved. These elements are notably marginal rate emergency threshold (MRET), provider sustainability funding (PSF) and financial recovery funding (FRF) which provide a combined value of £17.4 million.

Whilst the Trust has signed up to deliver PSF, it protects the Trust from Commissioners imposing a number of penalties for non-delivery of national targets. However, there remain a small number of targets where non-delivery could result in financial penalties being imposed; based upon Trust performance in 2018/19, if such a level of performance re-occurred in 2019/20 this would adversely impact upon the Trust to a value of c£0.7 million.

Contract status

The Trust has been able to reach contract agreement with its two local Clinical Commissioning Groups. This has been possible in part due to agreement around a narrative being incorporated into the contract covering 2 key issues:

- QIPP delivery – the contracts incorporate QIPP schemes that collectively amount to £5.4 million (£2.9 million and £2.5 million for Shropshire County CCG and Telford & Wrekin CCG respectively). The Trust has however been clear that in seeking to deliver to this level of income reduction QIPP schemes need to allow for the Trust to reduce its cost base by at least 50% of the income loss (a principle established and agreed as part of the SSP). To enable this principle to be followed it has been agreed that:
 - a. QIPP schemes will be supported by robust monitoring of delivery, including progress against agreed actions,
 - b. Where an agreed QIPP saving is not achieved because of the CCG failing to deliver its actions in full and on time then activity will be paid for at 100% of tariff,
 - c. Where an agreed QIPP saving is not achieved because the Trust has failed to deliver its actions in full and on time then activity over performance will be paid at 20% of tariff and,
 - d. Where an agreed QIPP saving is not achieved even though agreed actions by Commissioners and the Trust have been achieved then over performance will be paid at 60% of tariff.

- Non Elective over performance – Revised contract rules require Commissioners to only pay for over performance beyond agreed contracted levels for Non Elective and A&E activity (only) at a rate of 20% of tariff. Following discussions with our local CCGs, in particular with regard to the growth assumptions contained within the contract offers, it has been agreed that for 2019/20 any over performance will be paid at a rate of 60% of tariff for non-elective activity.

In order to achieve the levels of income contained within the 2019/20 plan the Trust is required to deliver the following levels of activity:

Point of Delivery	2017/18 Forecast Outturn	2018/19 Forecast Outturn	2019/20 Proposed Budget	Growth
	Activity	Activity	Activity	%
A&E	111,350	121,539	126,223	3.9%
First Attendance	117,655	120,459	126,053	4.6%
Follow Up Attendance	206,688	205,398	203,772	-0.8%
Outpatient Procedure	98,490	99,137	98,494	-0.6%
Elective DC	46,868	49,009	50,615	3.3%
Elective IP	5,437	5,346	4,922	-7.9%
Non Elective	50,985	56,152	59,962	6.8%
Non Elective Other	7,073	6,280	5,485	-12.6%

2. Overall income and expenditure budget

The income and expenditure budget for the 2019/20 year is presented in the table below:

	2019/20			2018/19 Forecast Outturn	Change %
	Recurrent	Non Recurrent	Total	Total	
	£000s	£000s	£000s	£000s	
Income	377,286	0	377,286	361,763	4.29%
Pay	(281,500)	3,227	(278,273)	(256,376)	8.54%
Non Pay	(118,466)	(2,672)	(121,138)	(115,906)	4.51%
Total Expenditure pre Efficiency	(399,966)	555	(399,411)	(372,282)	
Waste Reduction / Efficiency Gains	11,914	6,986	18,900		
Total Expenditure post Efficiency	(388,052)	7,541	(380,511)	(372,282)	2.21%
EBITDA	(10,766)	7,541	(3,225)	(10,519)	
Finance Costs	(19,126)	5,000	(14,126)	(13,463)	4.92%
Surplus/(Deficit) pre corrective Actions and Central Funding	(29,892)	12,541	(17,351)	(23,982)	
MRET,PSF and FRF	4,758	12,593	17,351	1,032	
Surplus/(Deficit) post corrective Actions and Central Funding	(25,134)	25,134	0	(22,950)	

Sense check of the income and expenditure budget

To test the validity of the proposed 2019/20 budget it is useful to consider, the monthly run rate assumed for the 2019/20 financial year with the levels of spending that have occurred in the previous financial year.

	2019/20 Proposed Budget Monthly Average*	2018/19 Monthly Average	Variance
	£000s	£000s	£000s
Income	29,951	30,147	(196)
Pay	(21,404)	(21,365)	(39)
Non Pay	(9,494)	(9,659)	165
Finance Costs	(1,134)	(1,122)	(12)

*The average monthly run rate excludes inflationary pressures, demography and any new developments/cost pressures planned to commence in the new financial year.

3. Risks associated with the 2019/20 Plan

Inflation shortfall risk – The Trust has identified a £1.8 million shortfall within its overall inflationary uplift when compared to the national non pay assumptions and as such has had to scale back its internal assumptions (original assumption was based on historical trends) to accommodate this risk.

Review of capital expenditure – The Trust has made the assumption that further revenue costs can be capitalised in year and whilst we have assumed a level of this within our capital resource limit it limits the amount of contingency the Trust holds for its ageing estate, IT infrastructure and backlog issues.

Review of developments (phasing) – Within the revised position, the Trust has assumed a level of ‘development freeze’ for the first quarter of the financial year. This slippage generates a potential £0.8 million of savings in year however, there may be a requirement to fast track some of these developments. A resulting action from the Waste Reduction Group on 24th April 2019 was for each care group and corporate lead to undertake a review of the developments and confirm a profile and implementation plan, thus validating the potential £0.8 million savings.

Care home beds to be funded by the system – conversations to take place around support from the health system to manage additional demand.

STP wide efficiency review/gain share – This includes a review of emergency admissions (including 0 day) and outpatient activity which has not to date been factored into contract discussions. The Trust would be required to make significant expenditure savings and negotiate with the health system a gain share from the potential system benefits from reducing activity levels.

Contingencies – The Trust’s financial plan does not hold a level of revenue contingencies and therefore any slippage in the savings schemes or additional in year pressures identified will require rectification in year.

CCG financial recovery plan – Shropshire County CCG and Telford and Wrekin CCG have indicated that their expectation is for local QIPP schemes to reduce income by £5.4 million.

Welsh tariff – The financial plan assumes that the Trust’s Welsh commissioners will pay as per national tariff; this is estimated to be a growth of £1.5 million above 2018/19 levels. The Trust is currently awaiting a formal position statement from its Welsh commissioners however, informally the Trust has heard that some commissioners will pay at 2018/19 levels only.

Delivery of CIP – On top of those savings identified above through the review of the initial planning assumptions (£6.9 million) the Trust is required to reduce spending by £12.0 million, presently only £1.1 million of this sum is classified as low risk, £4.9 million as medium and high risk with a further £6.0 million unidentified. Work is ongoing to move schemes into a state of readiness whilst also reviewing further opportunities such as sickness levels and agency spend.

Workforce – The Trust loses its ability to negotiate with agency suppliers due to an increase in demand for workforce to cover 2019/20 developments and puts at risk maintaining a reduced tier 5 policy (where tier 5 is only used in extenuating circumstances) and existing fill rates.

Workforce planning – A credible and deliverable workforce plan is to be constructed to sit alongside each of the key developments, in particular those related to capacity to ensure deliverability. Without assurance that the workforce can be met, additional capacity cannot be opened and there will be a requirement for further work with the health system around how non elective demand is managed.

Developments/Investments – The Trust does not have the agreement to overspend and is required to deliver a breakeven position in the 2019/20 financial year. For this reason the profile and implementation of investment will need to be considered alongside the appropriate level of delivered cash releasing efficiencies to ensure the required financial position is met. It is recommended that savings are monitored through the Waste Reduction Group and investments considered and prioritised only upon confirmation that savings have been delivered.

Impact on medium term financial plan – The additional £6.9 million savings found in order to deliver a breakeven position are non recurrent in their nature and for this reason the Trust still expects to deliver the future financial positions as presented in appendix 1.

MRET, PSF and FRF (a combined value of £17.4 million) – In order to receive these sums of money the Trust will be required to meet the NHSI control total.

In summary the Trust has identified a plan to meet its obligations under the control total. Support from NHSI/E is arriving in the first quarter of the financial year to help support the necessary pace required to deliver this programme.

Negotiations continue with the system on risk/benefit share and will need to be agreed to fully realise the ambition of this plan.

This remains a very ambitious plan set against historic delivery and other challenges facing the Trust, but is achievable with the right system and regulator's support.

4. Medium term financial strategy

The continuing ability to take forward the SSP programme is conditional upon the Trust being able to demonstrate at the completion of the project the Trust is able to progress with an income and expenditure recurrently balanced position.

The medium term financial strategy has been reconstructed to reflect:

- Nationally defined changes introduced for 2019/20,
- SSP delivery, and
- The Trust's 2019/20 financial plan.

Nationally defined changes

Understanding the nationally defined changes as they relate to a medium term financial plan, require at this point a series of assumptions. In the Trust's modified medium term financial strategy, the Trust has assumed:

- Demographic growth – increased to 2.8% throughout the planning period (previously the Trust had prudently assumed 2.5% in the last two years of the planning period),
- Inflation – assumption that the uplift applied in the 2019/20 financial year is replicated across the years 2020/21 to 2023/24,
- Provider support funding – the Trust had assumed the receipt of provider support funding on a non recurrent basis until the year 2023/24 when the provider support fund was then assumed to be converted into a recurrent income stream. This somewhat prudent assumption was adopted because whilst it was expected that provider support funding would over the planning period be incorporated into Tariff, it wasn't known when this change would take place. In 2019/20 a proportion of provider support fund has been used to underwrite tariff increase and since the Trust then assumes this scale of increase to progress cumulatively over the planning period it then becomes necessary to remove the badged provider support fund both recurrently and non recurrently.

SSP revenue funding

The SSP recognised that to support its delivery would require revenue financing to be put in place in the revised medium term financial plan. The changes outlined below are associated with the SSP:

Recurrent changes

- Financing costs – it was recognised that in order to support the finance costs of the scheme once fully operational it would be necessary to recognise a recurrent growth in finance costs amounting to £12.0 million. This growth has been incorporated into the recurrent financial position of the Trust of the progressively since 2015/16. By 2019/20 £5.0 million of the recurrent growth in finance costs has been recognised within the Trust's income and expenditure budget.
- EPR system – as with financing costs the medium term financial strategy introduces progressive increases in a recurrent commitment to underwrite the implementation of the EPR system. In the previous model, the finance plan for 2019/20 was expected to generate recurrent funding amounting to £1.0 million with this rising to £3.0 million in 2010/21. Recent work completed by PA points to a need to generate recurrent savings internally to support a recurrent cost pressure for the new system of £4.5 million and as such the following amounts have been factored in:

	2019/20	2020/21	2021/22	2022/23	2023/24
	Recurrent	Recurrent	Recurrent	Recurrent	Recurrent
	£000s	£000s	£000s	£000s	£000s
IT System	0	(2,000)	(3,000)	(4,500)	(4,500)

- Workforce cost savings – the trust plans suggested in the previous iteration of the medium term financial strategy that savings amounting to £14.2 million could be realised through SSP. More recent information now suggests a figure of £14.0 million.
- Inflation – Capital development – The medium term financial strategy had assumed an “off balance sheet solution”. Over the years 2018/19 onwards the Trust has recurrently inflated its finance costs at a rate of 3.8% to support a unitary charge based upon an inflated capital sum.
- Demographic growth – The new model of service delivery assumes a growth in activity requiring increased diagnostic capacity of 20%. The demographic growth reserve is assumed to support the cost of purchasing this additional capacity through a managed service arrangement.
- QIPP savings – The previous medium term financial strategy assumed the loss of income in respect of CCG QIPP amounting to £11.0 million, with the expectation that these schemes will realise a cost reduction of £5.5 million. More recent information produced by the two local CCGs in response to their financial challenges indicates that the scale of cost reduction required will be much greater (upwards of £18.0 million has been mooted). At this point limited knowledge exists to support the CCG ambitions. Increasing the scale of such an activity reduction if deliverable would potentially impact upon the continued ability to deliver certain Trust services and may require a recodification of the scale of the SSP development. At this stage however, despite there being no real understanding of how the scale of change will be effected, the medium term financial strategy assumes a loss of income in respect of CCG QIPP amounting to £18.0 million, with the expectation that these schemes will realise a cost reduction of £9.0 million.
- Contingency – The complexity of the scale of change being introduced is such that in establishing the medium term financial strategy it was concluded that a level of contingency reserve would need to exist. The level of this reserve is currently modelled at £5.0 million and it is recommended that this contingency reserve continues until greater certainty exists in respect of cost savings.

Non recurrent spending

It is recognised that to support the scale of change associated with SSP that significant levels of funding would need to be spent on a non recurrent basis.

- Workforce – The shift to new working roles required to support the recurrent workforce changes will require training and parallel running. The medium term financial strategy has established a contingent reserve to be spent non recurrently. £2.0 million is assumed necessary in 2019/20 rising to £3.0 million from 2020/21 to 2022/23.
- EPR system – Implementation of the EPR system is expected to require non recurrent spending of £1.0 million in the year 2020/21 and 2021/22. Though this will need to be revisited based upon the PA work.

With all of these changes in place, in order to deliver an end of SSP project recurrent income and expenditure position that delivers a balanced (or better) position requires a level of efficiency savings to be achieved. The level of cost improvement needing to be delivered is presented in the following table:

	£000s	%
2019/20	13,709	3.57%
2020/21	7,823	1.75%
2021/22	8,399	1.75%
2022/23	9,007	1.75%
2023/24	9,650	1.75%
Total	48,589	

It can be seen that there is a requirement to deliver £48.6 million cumulatively by year 2023/24, with a 3.6% target in 2019/20 and a 1.8% target thereafter.

Applying these assumptions produces the following:

	Recurrent	Non-Recurrent	Total
	£,000s	£,000s	£,000s
2018/19	(28,970)	6,020	(22,950)
2019/20	(25,134)		(25,134)
2020/21	(22,104)	14,593	(7,511)
2021/22	(16,547)	14,593	(1,954)
2022/23	(10,940)	15,593	4,653
2023/24	2,730	0	2,730

The Trust entered the 2018/19 financial year with a recurrent deficit of £20.7 million however, now concludes the year with a recurrent deficit of £29.0 million. In taking forward the developments in the 2019/20 financial year and the plans to reconfigure services and upgrade the Trust's two hospital sites, over the period 2018/19 – 2023/24, it is necessary for this shortfall in the recurrent financial position to be addressed.

The income and expenditure position of the Trust over the years 2018/19 to 2023/24 is described more fully in Appendix 2.

5. Capital Programme 2019/20

The condition of the Trust's existing Infrastructure defined as Estate, Medical Equipment and IT equipment continues to be of concern. Within the Trust's SSP Strategic Outline Case there are plans to address the backlog issues relating the Trust's Estate. However, with the continued delay in receiving approval for the Business Case, the condition of the Estate continues to deteriorate.

The table below illustrates the risks that are described as Priority 1 by the departmental heads:

Departmental Priority 1 Schemes	2019/20	2020/21	2021/22	2022/23	2023/24	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Estates Risks Priority 1 (on-going assumed same as 2019/20 - dependant upon SSP)	2,485	2,485	2,485	2,485	2,485	12,425
Medical Equipment Replacement Priority 1 (current P2/4 years)	1,364	1,405	1,405	1,405	1,405	6,984
IT Replacement Priority 1	266	138	241	241	241	1,127
Radiology Replacement Priority 1 (not included - revenue solution)						
Total Priority 1 Schemes	4,115	4,028	4,131	4,131	4,131	20,536

As can be seen, there are £4.1 million of schemes which require funding in 2019/20, with a total of £20.5 million over the five year period.

The level of funding available to the Trust is limited to the Trust's Capital Resource Limit (CRL). In 2019/20 this has been set initially to £10.5 million. In line with previous years, and given the scale of infrastructure risk, the Trust has continued to adopt an approach where:

- Priority is given to spending in areas where there is deemed to be high clinical/operational risk and,
- A level of contingency is held due to the scale of backlog issues. Holding contingency funds enable the Trust to respond to unpredictable capital problems. These contingencies have been allocated based on historic values and have been increased to include three new contingencies for 2019/20:
 - a. Radiotherapy (as agreed at CPG/PC) for in-house maintenance of Linear Accelerators £0.1 million,
 - b. Gemba Walk Contingency of £0.1 million and,
 - c. Estates Compliance Reports to inform the Capital Programme £0.1 million.

The summary capital programme for 2019/20 is as follows:

Selected High Risk Areas	2019/20
	£000s
Estates Priority 1 – Continuation of Fire Safety Programme (as per Estates Condition Survey)	291
Estates Priority 1 – Continuation of Subway Duct works (including works required for Road Adoption by Council)	950
IT – Priority 1 Continuation of Storage Solution	450
Contingencies	3,550
Pre-committed Capital Schemes	1,550
Endoscopy Suites Reconfiguration	1,300
Uncommitted	2,359
Total	10,450

The above table shows an uncommitted value of £2.4 million. This uncommitted value is being held to cover those items listed below and in addition is anticipated to cover additional resource associated with the SSP. However, it is important to note the capitalisation of any costs associated with the SSP project will need to adhere to NHS capital criteria as specified within the NHS manual of accounts.

It should be noted that there are many issues that are known, but for which there is no allocation currently included, these include:

- Use of Ward 35 - initial option to transfer the Oncology Ward
- PRH Bed Capacity - additional ward at PRH
- Head & Neck Theatres (Theatres 10&11)/ED space
- If current services delivered in Head & Neck Theatres changes the Trust would need to reprovide a delivery area for diagnostic and minor ops (eg. Oral/Max Fax & Urology)
- Maternity Ultrasound Scanners - following on from 2018/19 (this will be considered as part of the overall Ultrasound Scanner Strategy)
- Medical Records Relocation (off site storage - capital refit to requirements)
- Actions from CQC visit (eg. Mental Health compliance in A&E)
- Copthorne Building Fire Safety requirements as per Regulation Notice
- Further investment in the Data Warehouse – Health System Led Investment (HSLI) funded year one of a three year programme
- Scan for Safety Project
- Electronic Patient Records

It should also be noted that in line with last year's financial strategy there is no capital allocation for the replacement of the CT Scanner at PRH nor the replacement of High Value Diagnostic Equipment as a revenue solution is being sought for which the financing options are currently being appraised by external advisors.

In addition to the above Internally Generated Capital within the 2019/10 Capital Plan, the Trust has included £8.0 million in respect of drawdown for the SSP allocation for enabling works and professional fees. Discussions are on-going with NHSI regarding this drawdown.

A detailed plan covering the period 2019/20 to 2023/24 is enclosed as Appendix 3.

6. Conclusion

The Trust has been set a Control Total target by NHSI to achieve a deficit in the 2019/20 year (excluding PSF, FRF and MRET funding) of £17.4 million. The Trust has submitted to NHSI a financial plan that demonstrates it can deliver to this control total.

In order to achieve a balanced position, it will be necessary for the Trust to generate Waste Reduction savings of £18.9 million equivalent to a 4.7% reduction in expenditure budgets. This represents a significant challenge for the Trust.

The Trust financial difficulties in the 2019/20 year arise because:

- in the 2018/19 financial year, approved spending commitments increased the recurrent deficit by £8.3 million; and,
- new spending commitments are planned for the 2019/20 year amounting to £19.3 million however, £5.6 million is offset by increased income associated with demographic change, resulting in new year pressures of a net £13.7 million.

The Trust's medium term financial plan has been overhauled to reflect a revision of National Tariffs and a more recent understanding of Commissioner QIPP savings requirements. The plan has also been adjusted to reflect recent calculations in respect of workforce savings and the work undertaken by PA management consultants that describes the cost of introducing an EPR solution.

The medium term plan continues to chart a path to greater sustainability for the Trust through the reconfiguration of its clinical services. Doing so enables the serious capital backlog estate difficulties to be addressed and returns the Trust to an income and expenditure surplus financial position (£2.7 million).

An examination of the Trust's estate and equipment issues confirms that the level of backlog risk cannot be addressed through the use of Internally Generated Capital funds and that instead alternative financing solutions will need to be found in order to support the replacement particularly of high cost diagnostic equipment. In the 2019/20 year the Trust will once again need to establish sizeable contingency resources in order to be able to respond to the anticipated regular albeit unplanned need throughout the year for capital work to be completed and equipment replaced.

The Trust's in-year cash position is secure providing it delivers its operational and financial plan. Should the Trust not achieve its targets, then there is likely to be an adverse impact on the Trust's cash position, which could result in a cash shortfall of £30.3m. In such circumstances, there would be a need to secure authorisation from NHSI to underpin the deficit with an equivalent level of cash support.

Appendix 1 – Residual pressures

Capacity - other/productivity	Recurrent	Non Recurrent	Total
	£ms	£ms	£ms
Scheduled Care Agency Consultant - Covering Ward 11	0.0	(0.3)	(0.3)
Scheduled Care Other Tracheostomy Nurse	(0.1)	0.0	(0.1)
Scheduled Care SSP/Workforce Transformation ACP Posts (SSP) - 5 wte	(0.3)	0.0	(0.3)
Support Services Outsourcing/Insourcing Outsourcing premium	0.0	(0.2)	(0.2)
Support Services Outsourcing/Insourcing WLI - Premium element	0.0	(0.1)	(0.1)
Support Services Radiology Equipment HVD - Cath Lab mobile unit	0.0	(0.1)	(0.1)
Unscheduled Care Capacity - delivery of operational plan Business Case - Diabetic Specialist Nurse	(0.1)	0.0	(0.1)
Unscheduled Care Capacity - delivery of operational plan Frailty Funding Ceases, however costs remain - PRH	(0.3)	(0.2)	(0.4)
Unscheduled Care Capacity - delivery of operational plan Frailty Funding Ceases, however costs remain - RSH	(0.3)	(0.2)	(0.4)
Unscheduled Care Capacity - delivery of operational plan Ward 11 Consultant Workforce	(0.1)	(0.1)	(0.2)
Unscheduled Care Medical/Consultant MWP	0.0	(0.6)	(0.6)
Unscheduled Care Medical/Consultant Spend WLI used to cover vacancies	0.0	(0.1)	(0.1)
Womens & Childrens Care Group Fill Rate WLI	0.0	(0.0)	(0.0)
Total Capacity - other/productivity	(1.1)	(1.9)	(2.9)

Maternity	Recurrent	Non Recurrent	Total
	£ms	£ms	£ms
Womens & Childrens Care Group CQC CQC visibility (1 day per week)	0.0	(0.0)	(0.0)
Womens & Childrens Care Group CQC Increase elective C Sections	(0.2)	0.0	(0.2)
Womens & Childrens Care Group MLU Savings MLU suspension	0.0	0.4	0.4
Total Maternity	(0.2)	0.4	0.2

Income Backed	Recurrent	Non Recurrent	Total
	£ms	£ms	£ms
Cardiac cath lab business case	(0.0)	0.0	(0.0)
CNST Incentivisation	(0.1)	0.5	0.4
Diabetic foot clinic business case	(0.0)	0.0	(0.0)
HEE funding for Physician Associate, Frailty and Staff Recognition	0.0	(0.0)	(0.0)
Lung cancer SN business case	(0.1)	0.0	(0.1)
Magseed breast business case	(0.0)	0.0	(0.0)
MS nurse post	0.0	(0.0)	(0.0)
PD nurse business case	(0.1)	0.0	(0.1)
Pharmacy business case	0.0	0.1	0.1
Renal home therapies business case	(0.9)	0.4	(0.4)
RSU business case	(0.4)	0.0	(0.4)
Stroke and TIA business case	(0.3)	0.0	(0.2)
Urolift urology business case	(0.0)	0.0	(0.0)
WAST posts x4	0.0	(0.2)	(0.2)
Total Income Backed	(2.0)	0.9	(1.1)

Other	Recurrent	Non Recurrent	Total
	£ms	£ms	£ms
Corporate Nursing development	(0.3)		(0.3)
Esr roll out team	(0.1)		(0.1)
Medical Director SSP 4 PAs	(0.0)		(0.0)
Medical examiner	(0.1)		(0.1)
Medical examiner admin team	(0.1)		(0.1)
New directors PAs	(0.1)		(0.1)
R&I Development	(0.3)		(0.3)
HR SSP Support 3 posts	(0.1)		(0.1)
TSD Development	(0.0)		(0.0)
IT Admin Support	(0.0)		(0.0)
IT apprentice	(0.0)		(0.0)
IT Trainer	(0.0)		(0.0)
Scheduled Care Other Nursing post - permanent from October	(0.1)		(0.1)
Scheduled Care Other Surgical Gloves - re-introduction of Biogel	(0.0)		(0.0)
SSP development	(0.4)		(0.4)
Unscheduled Care Management Structure/Support Additional USC Mangement Team Support	(0.2)		(0.2)
Unscheduled Care Management Structure/Support Governance Posts - C&C Jan 19 identified need for nursing governance posts	(0.1)		(0.1)
Womens & Childrens Care Group Other Plan to improve Neonatal Nursing to BAPM standards	(0.0)		(0.0)
Womens & Childrens Care Group SSP/Workforce Transformation B3 Development	(0.0)		(0.0)
Fill Rate/Vacancies - Non Recurrent		1.1	1.1
Total Other	(1.9)	1.1	(0.8)

Appendix 2 – Medium term finance model

	2018/19			2019/20			2020/21			2021/22			2022/23			2023/24		
	Recurrent	Non Recurrent	Total	Recurrent	Non Recurrent	Total	Recurrent	Non Recurrent	Total	Recurrent	Non Recurrent	Total	Recurrent	Non Recurrent	Total	Recurrent	Non Recurrent	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Main I&E																		
Clinical Income	319,416	2,347	321,763	319,416		319,416	337,286		337,286	359,025		359,025	381,629		381,629	405,126		405,126
Tariff Uplift			0	7,474		7,474	11,113		11,113	11,369		11,369	11,629		11,629	11,892		11,892
Tariff Uplift (Trf of PSF etc into Tariff)			0	4,826		4,826	1,182		1,182	1,182		1,182	1,182		1,182	1,182		1,182
Demography			0	5,570		5,570	9,444		9,444	10,053		10,053	10,686		10,686	11,344		11,344
Income Excluded Drugs/Devices	25,000		25,000	25,000		25,000	25,000		25,000	25,000		25,000	25,000		25,000	25,000		25,000
Non Clinical Income	15,000		15,000	15,000		15,000	15,000		15,000	15,000		15,000	15,000		15,000	15,000		15,000
Pay	(256,847)	471	(256,376)	(256,847)		(256,847)	(281,500)		(281,500)	(291,352)		(291,352)	(301,549)		(301,549)	(312,104)		(312,104)
Pay In Year Pressures				(15,663)	3,227	(12,436)			0			0			0			0
Pay Inflation			0	(8,990)		(8,990)	(9,852)		(9,852)	(10,197)		(10,197)	(10,554)		(10,554)	(10,924)		(10,924)
Non Pay	(113,930)	(1,976)	(115,906)	(113,930)		(113,930)	(121,645)		(121,645)	(127,119)		(127,119)	(132,839)		(132,839)	(138,817)		(138,817)
Non Pay In Year Pressures				(2,588)	(672)	(3,260)			0			0			0			0
Non Pay Inflation			0	(5,127)		(5,127)	(5,474)		(5,474)	(5,720)		(5,720)	(5,978)		(5,978)	(6,247)		(6,247)
Finance Costs	(13,609)	146	(13,463)	(13,609)		(13,609)	(14,126)		(14,126)	(14,663)		(14,663)	(15,220)		(15,220)	(15,798)		(15,798)
Finance Costs Inflation			0	(517)		(517)	(537)		(537)	(557)		(557)	(578)		(578)	(600)		(600)
Waste Reduction Programme (Additional) 2019/20			0	1,723		1,723	1,789		1,789	1,857		1,857	1,927		1,927	2,001		2,001
Waste Reduction Programme (National) 2019/20			0	4,228		4,228	4,389		4,389	4,556		4,556	4,729		4,729	4,909		4,909
Waste Reduction Programme (National) 2020/21			0			0	7,302		7,302	7,580		7,580	7,868		7,868	8,168		8,168
Waste Reduction Programme (National) 2021/22			0			0			0	7,580		7,580	7,868		7,868	8,168		8,168
Waste Reduction Programme (National) 2022/2023			0			0			0			0	7,868		7,868	8,168		8,168
Waste Reduction Programme (National) 2023/24			0			0			0			0			0	8,168		8,168
Waste Reduction Programme (Additional) 2019/20			0	7,758		7,758	8,053		8,053	8,359		8,359	8,677		8,677	9,008		9,008
Other																		
QIPP			0	(5,400)		(5,400)	(6,000)		(6,000)	(12,000)		(12,000)	(18,000)		(18,000)	(18,000)		(18,000)
QIPP Undelivered			0	5,400		5,400			0			0			0			0
QIPP Savings			0	2,700		2,700	3,000		3,000	6,000		6,000	9,000		9,000	9,000		9,000
QIPP Savings Undelivered			0	(2,700)		(2,700)			0			0			0			0
Procurement Top Slice			0	1,384		1,384	1,436		1,436	1,491		1,491	1,548		1,548	1,607		1,607
Demography Expenditure			0	0		0	(4,722)		(4,722)	(9,748)		(9,748)	(15,091)		(15,091)	(20,763)		(20,763)
SSP																		
Finance Costs	(4,000)	4,000	0	(5,000)	5,000	0	(6,000)	6,000	0	(6,000)	6,000	0	(6,000)	6,000	0	(12,000)		(12,000)
Transitional Costs			0	(2,000)		(2,000)			(3,000)			(3,000)			(3,000)			0
IT System			0			0	(2,000)		(1,000)			(3,000)			(4,000)			(4,500)
Contingency			0			0			0			0			0			(5,000)
Efficiency			0			0			0			0			0			13,985
Total Pre Central Funding	(28,970)	4,988	(23,982)	(29,892)	5,555	(24,337)	(26,862)	2,000	(24,862)	(21,305)	2,000	(19,305)	(15,698)	3,000	(12,698)	(2,028)	0	(2,028)
Central Funding																		
PSF		1,032	1,032		0	0		7,124	7,124		7,124	7,124		7,124	7,124			0
FRF			0		0	0		5,469	5,469		5,469	5,469		5,469	5,469			0
MRET			0	4,758	(4,758)	0	4,758		4,758	4,758		4,758	4,758		4,758	4,758		4,758
Total Post Central Funding	(28,970)	6,020	(22,950)	(25,134)	797	(24,337)	(22,104)	14,593	(7,511)	(16,547)	14,593	(1,954)	(10,940)	15,593	4,653	2,730	0	2,730

Appendix 3 - Detailed capital plan covering the period 2019/20 to 2023/24

	2019/20	2020/21	2021/22	2022/23	2023/24
	£000s	£000s	£000s	£000s	£000s
Funding Available: Internally Generated Capital Resource Limit (CRL)	10,450	10,450	10,450	10,450	10,450
Pre-Commitments					
Schemes carried forward from old year (include Ophthalmology P3 equipment/dilapidations/surgicube)	200	200	200	200	200
PC In House costs of delivery of schemes	850	850	850	850	850
RSH MLU/PAU - P2 FCHS	100	1,085	3,315	0	0
Fire Safety Programme	291	250	250	250	250
Subway Duct - RSH (further phases following on from 2017/18 agreement)	950	700	535		
Ophthalmology move into Copthorne Building - Phase 3 (additional asbestos)	50				
IT Storage Solution (further phases following on from 2018/19 investment)	450	450			
Replacement of Autoclaves in Path Lab	202				
RSH Catering Service	68				
Eye Injection Automation System	80				
Total of Pre-Commitments	3,241	3,535	5,150	1,300	1,300
BUDGET REMAINING FOR ALLOCATION	7,209	6,915	5,300	9,150	9,150
Contingency Funds					
Estates Contingency	250	250	250	250	250
Medical Equipment	250	250	250	250	250
Information Technology	250	250	250	250	250
Non Patient Connected Equipment Replacement Fund	50	50	50	50	50
VitalPAC/PSAG Replacement Fund	100	100	100	100	100
Support Services Care Group Equipment Contingency/Replacement Priority 1	100	100	100	100	100
Facilities Equipment Replacement Priority 1	50	50	50	50	50
Patient Environment (inc Furniture) Contingency Replacement Priority 1	50	50	50	50	50
Radiotherapy - Contingency as agreed at CPG/PC	100	100	100	100	100
Gemba Walk Contingency	50	50	50	50	50
In Year Allocations/Corporate Contingency	2,200	2,200	2,200	2,200	2,200
On-going Compliance Reports, etc - informs Capital Planning requirements (eg Asbestos, Legionella, Fire, Fixed Wire Testing, Condition Survey)	100	100	100	100	100
Total of Contingency Funds	3,550	3,550	3,550	3,550	3,550
BUDGET REMAINING FOR ALLOCATION	3,659	3,365	1,750	5,600	5,600
Agreed Allocations					
Endoscopy Suite Reconfiguration	1,300				
Replacement Radiotherapy CT Scanner		800			
Total of Contingency Funds	1,300	800	0	0	0
Uncommitted	2,359	2,565	1,750	5,600	5,600