NHS
Oxford University Hospitals
NHS Foundation Trust

Trust Board Meeting in public: Wednesday 10 May 2017

TB2017.49

Title	**Financial Performance to 31 March 2017**

Status	A paper for report
History	Regular monthly report

Board Lead	Jason Dorsett, Chief Finance Officer			
Key purpose	Strategy	Assurance	Policy	**Performance**

Executive Summary

1. The key financial results for the Trust for the period to 31 March 2017 are as follows:

- Surplus for the year is £1.0m.
- Revenues have increased from £951.7m to £997.4m
- Pay expenditures (include agency) has increased from £537.7 to £563.4m,
- Non-Pay expenditures has increased from £357.6m to £375.2m
- EBITDA has increased from £56.4m to £58.8m
- EBITDA margin has decreased from 5.93% to 5.90%
- Cash has decreased from £89.4m to £41.6m,
- Capital expenditure has increased from £16m to £37.4m
- NHSI Finance Metric: 3 due to the variance to I&E margin variance which scored 4.

All numbers are year to date unless otherwise specified.

2. Key reasons for variance against plan are:

- OUHFT has delivered more activity than planned but lost £4.65m revenues because of the block contract with OCCG
- OUHFT redesigned its urgent care pathway delivering better care to patients. However bed closures are delayed because of an unprecedented increase in urgent patient referrals over the winter.
- To reduce number of DTOC patients OUHFT has invested £8.7m in liaison, ambulatory and out-of-hospital services, £4.8m more than planned.
- Productivity/ savings shortfall of 13.6m

As a consequence, OUHFT spent £5.6m more on pay and £19m more on non-pay than planned.

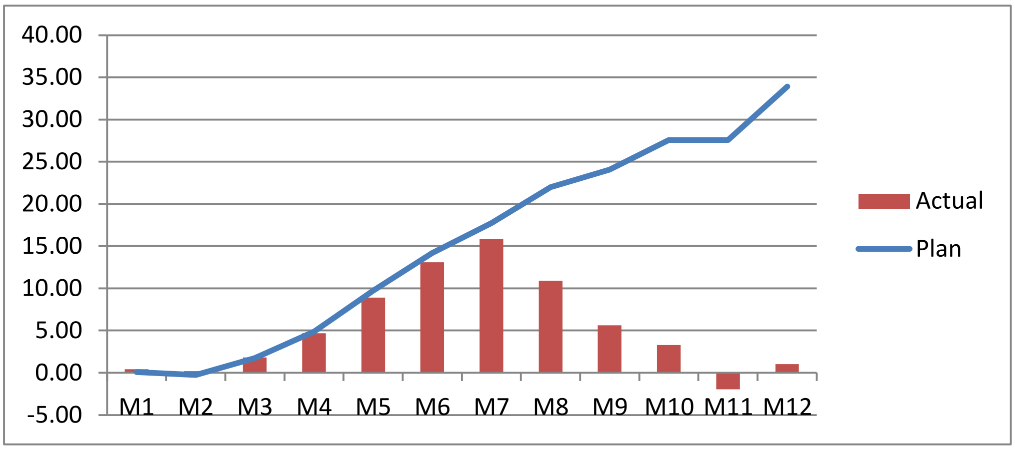
3. **Recommendation**

The Board is asked to discuss this report and note that the pay and non pay cost control plan being implemented will be discussed in the private section of the Board

Financial Performance to 31 March 2017

1. Surplus / (deficit)

The chart below shows the cumulative actual reported surplus (excluding impairments) against the annual planned surplus of £33.9m.



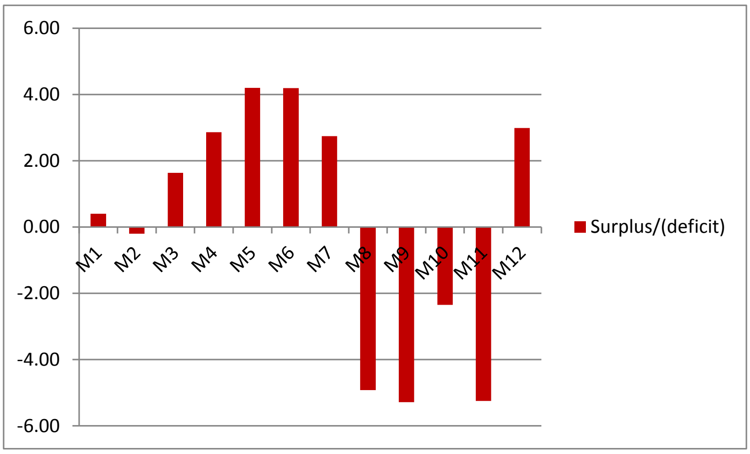
1.1. For the year ending 31 March 2017 the Trust is reporting a surplus (excluding impairments) of £1.0m; which is £32.9m less than the planned surplus of £33.9m. The gap between the planned and actual results includes:-

- Lost Sustainability and Transformation Funding (STF) of £10.5m which mainly relates to the Trust's failure to achieve its financial control total in Q3 and Q4
- Operational factors £29.8m across the divisions which are explained further later in this report.

1.2. These two shortfalls were partly offset by non-EBITDA items (excluding impairment) being £7.4m better than plan largely due to:

- Gain on investments of £4.2m
- Lower depreciation of £1.0m and PDC payments of £1.8m partly due the revaluation of the Trust's assets at the end of March 2016 and March 2017.

The chart below shows the monthly surplus/ (deficit) prior to impairments



2. Performance against control total

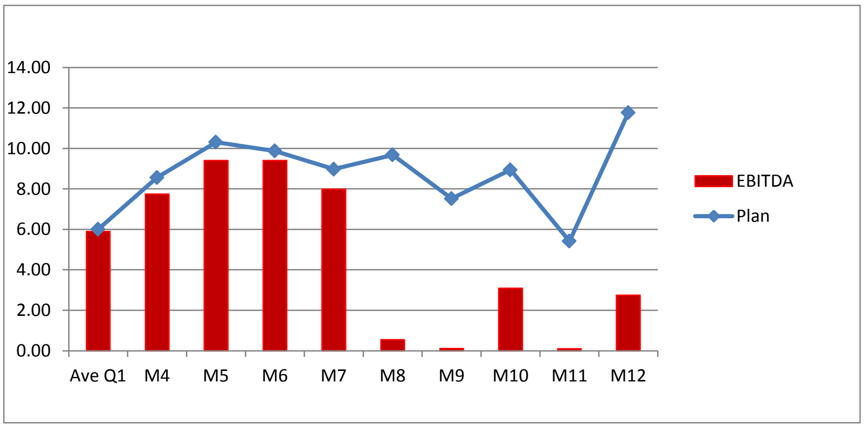
The month 12 performance against the Trust's NHSI control total is a deficit of £6.3m.

3. Forecast vs Outturn

3.1. The Trust at the end of quarter 3 revised its forecast to achieve a breakeven against its surplus control total (excludes STF). The reforecast was not achieved because operational factors in the clinical divisions led to continued over-spending in these areas that was only partially offset by reductions in costs in non-clinical areas.

4. EBITDA

The charts below shows the monthly EBITDA (including STF)



4.1. The month 12 EBITDA run rate was £2.74 including STF, this was an improvement compared to the 11 EDITDA of £0.1m mainly due to the following:-

- £5.9m additional commissioning income, of which £0.8m relate to pass through drugs and devices (offset by increased non pay expenditure)
- £0.6m additional income form from private patients
- £1.8m increase in ''other income'; this includes £1.0m for research and development (R&D) activity which is offset by £0.5m pay and £0.5m non pay

These upsides were offset by increases in expenditure as follows:-

- £1.0m pay costs, this includes £0.5m in R&D (offset by income) and additional costs to support the RTT and ED activity.
- £4.7m increase in non-pay cost, this includes:
  - £3.2m clinical supplies, of which £0.8m relates to pass through drugs and devices
  - Establishment costs of £0.3m mainly due to recruitment
  - £0.2m general supplies and services
  - £0.4m services provided by other NHS bodies, including community beds.

4.2. The table below shows the EBITDA performance by division.

£m	Month 12 Plan	Month 12 Actual	Month 12 Variance	YTD Plan	YTD Actual	YTD Variance
CHWO	2.92	2.38	(0.54)	30.63	26.43	(4.21)
CSSD	(1.00)	(1.35)	(0.35)	(15.99)	(20.99)	(4.99)
MRCD	4.84	1.42	(3.43)	47.82	36.16	(11.66)
NOTSS	6.13	4.89	(1.24)	58.79	47.30	(11.49)
SUON	4.73	3.96	(0.77)	44.58	37.73	(6.85)
Cinical Divisions	17.62	11.29	(6.32)	165.83	126.63	(39.20)
Corporate	(10.32)	(9.82)	0.51	(110.14)	(105.51)	4.63
Central and Technical	1.27	(2.22)	(3.49)	9.45	5.40	(4.05)
Underlying EBITDA	8.56	(0.74)	(9.30)	65.15	26.53	(38.62)
STF	1.70	1.28	(0.42)	20.40	9.95	(10.45)
Non-Recurrent	1.50	2.20	0.70	13.50	22.33	8.83
Total EBITDA	11.76	2.74	(9.02)	99.05	58.80	(40.25)

More detail is shown in appendix 2

4.3. The adverse EBITDA performance against the plan in month is due to the following:-

- Further deterioration of CIP performance against plan
- Lower than planned commissioning income performance whilst activity increased in month this was in the main against the Oxfordshire CCG block contract where over-performance is not compensated by additional income
- Non–pay overspend in General Supplies and Services, Other Expenditure (unallocated CIP target within divisions) and Clinical Supplies (linked to cost incurred to deliver improved operational performance - RTT, ED).

5. Income

Commissioning Income at month 12 is £832.7m (includes STF), £21.4m below plan.

5.1. The main drivers are as follows:-

- The contract with OCCG has been agreed as a ‘block contract totalling £317m; this is below the £320.5m the Trust had planned.
- On the basis of a compliant OCCG contract, before any provisions for CQUIN failure and other penalties, the value of over-performance year to date is £4.6m
- Performance against non OCCG commissioners is £3.7m under plan, principally on elective.
- The Trust has secured £9.95m of the eligible £20.4m STF at month 12, a £10.5m adverse variance due to; the loss of £0.3m, 5% of the STF relating to access STF relating to access standards in Q2 and £10.2m relating to the delivery of the quarter 3 and 4 financial control total.

The table below shows commissioning income by point of delivery.

		Year To Date					
		YTD Activity			YTD £m		
		Plan	Activity	Variance	Plan	Actuals	Variance
Electives	DC	82,421	82,838	417	67.17	66.39	(0.78)
	EL	25,880	24,153	(1,727)	101.39	93.82	(7.56)
	Electives Total	**108,301**	**106,991**	**(1,310)**	**168.56**	**160.21**	**(8.35)**
NEL	NEL	64,895	70,634	5,739	132.96	142.72	9.76
	NELNE	13,324	12,914	(409)	35.81	34.05	(1.76)
	NEL-Total	**78,218**	**83,548**	**5,330**	**168.77**	**176.77**	**8.00**
Passthrough	Chemo_Proc	15,634	16,710	1,076	18.52	20.94	2.42
	Devices	17,209	17,909	700	26.40	26.57	0.17
	Drugs	24,599	24,685	85	86.77	87.03	0.25
	Pass-through - Total	**57,442**	**59,304**	**1,861**	**131.70**	**134.54**	**2.84**
Others	A&E -Attendance	143,241	145,469	2,228	18.41	19.15	0.73
	Chemotherapy	19,232	21,920	2,688	5.34	6.14	0.80
	Critical care	50,283	50,865	582	58.54	59.21	0.67
	Diagnostics	5,190,152	5,193,032	2,880	37.06	36.91	(0.15)
	Threshold and QIPP adj.	-	-	0	5.03	6.80	1.78
	Maternity Pathway	16,572	16,157	(415)	15.86	15.48	(0.38)
	Other -Excess Bed	32,784	34,101	1,317	8.15	8.41	0.26
	Other -Other	54,478	45,298	(9,180)	43.71	42.34	(1.37)
	Other -Outpatients	5,687	4,587	(1,100)	5.20	4.84	(0.36)
	Other -RRT - renal dialysis	101,883	97,821	(4,062)	13.40	12.84	(0.56)
	Other -Screening	146,793	155,131	8,338	0.80	1.02	0.22
	Radiotherapy	60,607	57,809	(2,798)	12.10	12.03	(0.07)
	Other Total	**-**	**-**	**478**	**223.61**	**225.18**	**1.57**
Outpatients	OPFA	333,346	330,613	(2,733)	51.24	50.97	(0.27)
	OPFU	514,623	540,450	25,827	53.24	54.08	0.84
	Outpatients	131,541	130,669	(873)	26.17	26.46	0.28
	Outpatients Total	**979,510**	**1,001,731**	**22,221**	**130.65**	**131.51**	**0.85**
					0.00	0.00	0.00
External Penalties/ Risks					0.00	(3.92)	(3.92)
Total Income before central adjustments and CIP targets					**823.29**	**824.29**	**1.00**
OCCG block						(4.65)	(4.65)
Non Activity related income					10.46	3.16	(7.30)
S&T Fund					20.40	9.95	(10.46)
					854.15	**832.74**	**(21.40)**

5.2. At month 12 activity related income adjusted for penalties and risk is £819.6m, £3.7m adverse to plan. This is driven by adverse income variances on electives, £8.4m, 'other' activities £4.4m, penalties and risks £2.6m. This is partly offset by over-performance on non-electives (NEL) £8.0m and £2.8m income from pass through drugs and devices.

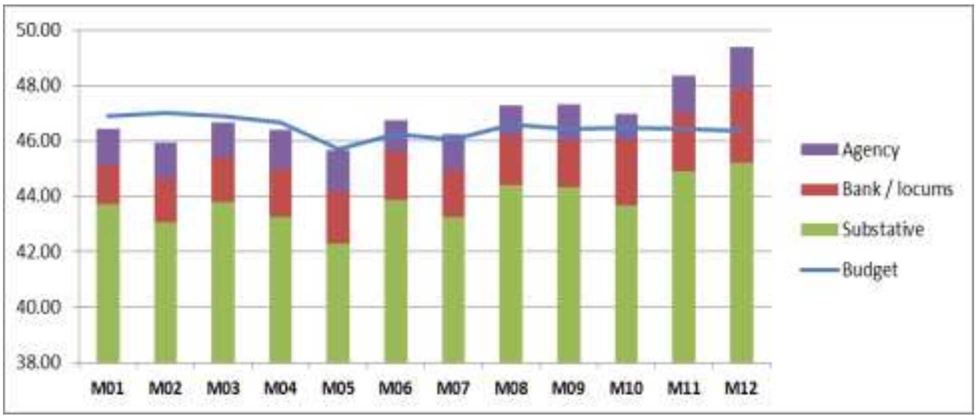
5.3. The £8.4m adverse variance on elective activity is driven by a 1.2% under performance; this is in spite of increased RTT work in gynaecology and specialist surgery in recent months. The main areas with high year to date adverse variance are T&O £2.0m ENT £1.2m, cardiac £2.3m and paediatric medical oncology £1.7m.

5.4. Income from non-electives is £8.0m above the plan for 2016/17 and has increased above than trend in month 11. The areas that have increased above trend in month are transplant and general/geriatric medicine. The main areas that account for the year to date favourable variances are paediatrics £1.2m, cardiac £0.6m, acute medicine £4.6m, trauma £0.9m, £1m kidney transplants and £1.4m on renal. The above is partly offset by £1.4m of midwife episodes.

5.5. Income from other activities is £4.6m adverse to plan is largely accounted for by adjustments for marginal thresholds, QIPP and affordability gap (difference between commissioner plan and contract settlement).

6. Pay

The table below shows the monthly pay expenditure against the budget



6.1. The current quarterly average pay expenditure is £48.2m. This is £1.2m above the average monthly quarter 3 run rate. This is in part explained by a £0.4m in increase in R&D. The balance is largely driven by retrospective claims in respect of job planning reviews, additional sessions and agency staff to support ED recovery and RTT.

6.2. The increase of £3.4m in the quarterly average cost in 2016/17 compared to 2015/16 is largely explained by:-

- **£1.2m** additional costs for pay award and pension
- **£0.5m** increase R&D staffing, this is offset by income
- **£0.4m** for the HART service
- **£0.5m** additional staffing costs to support RTT, the growth in Acute Hospital at Home and additional nursing staff in ED to support improved A&E performance.
- **£0.1m** due review of consultant job plans and developments resulting in additional PAs to support Trust leadership programme and Trust Guardian
- Failure to deliver **£0.6m** off-setting pay CIPs which were assumed in the budget to offset pay and pensions cost pressures and to fund investment in Acute Hospital at Home and other developments.

6.3. Overall pay costs increased by £1.0m in month 12 compared to month 11; excluding R&D the increase is £0.5m. This movement is explained by the following:

- **(£0.3m)** increase in substantive medical staffing costs driven by some one-off costs mainly in NOTSS relating to retrospective pay claims and additional session claims to support RTT.
- **(£0.2m)** increase in medical staffing bank and agency mainly within CSSD relating to additional sessions

Expenditure on agency staff has fallen by £9.93m over the last 12 months, in line with NHS guidelines set in the last financial year and work carried out within the Trust to reduce costs.

7. Non-Pay

The table below shows the quarterly average monthly non-pay spend by expenditure groups for the 2015/16 and for 2016/17 up to the current period.

	2015-16				2016-17			
	Q1 Ave. £m	Q2 Ave. £m	Q3 Ave. £m	Q4 Ave. £m	Q1 Ave. £m	Q2 Ave. £m	Q3 Ave. £m	Q4 Ave. £m
Clinical Supplies & Services	18.51	17.75	18.87	19.03	18.35	19.20	19.20	19.71
Establishment Expenditure	0.60	0.48	0.51	0.51	0.58	0.53	0.55	0.59
General Supplies & services	1.92	1.79	1.91	1.91	2.04	1.84	1.98	1.97
Health Services Purchased From Other NHS	0.81	0.73	0.84	0.94	0.79	0.76	0.71	0.95
Healthcare Services Non-Nhs Bodies	4.56	3.87	4.92	5.29	4.70	4.05	5.09	5.45
Other Expenditure	4.06	3.48	4.31	4.49	4.22	4.58	4.64	5.42
Premises & Fixed plant	0.60	0.59	0.64	0.98	0.63	1.08	0.98	0.97
Total Non-Pay	**31.06**	**28.69**	**32.00**	**33.14**	**31.31**	**32.05**	**33.13**	**35.07**
Memorandum Line								
Pass Through	**10.98**	**11.33**	**11.10**	**11.23**	**10.97**	**11.33**	**11.06**	**11.20**

7.1. The quarter 4 average monthly expenditure is £35.1m compared with £33.1m monthly average in quarter 3, an increase of £2m. This includes

- £0.9m additional costs associated with R&D (which is funded by income).
- Other Expenditure accounts for £0.8m of the increase which is due in part to ambulance costs linked to the Horton contingency plan and changes in discount rate.

8. Savings

The table below shows the delivery of savings and variance against the plan for schemes that have been identified and also against the plan submitted to the NHSI in April.

Profile of CIPs	Apr £M	May £M	Jun £M	Jul £M	Aug £M	Sep £M	Oct £M	Nov £M	Dec £M	Jan £M	Feb £M	Mar £M	Total £M
NHSI plan	3.27	3.56	3.76	4.12	4.45	4.71	4.53	4.52	4.50	4.50	4.49	4.46	50.90
Current schemes	2.00	2.28	3.49	3.71	5.12	4.13	4.39	4.35	4.30	4.29	4.28	4.41	46.76
Variance	**(1.27)**	**(1.29)**	**(0.27)**	**(0.42)**	**0.67**	**(0.58)**	**(0.14)**	**(0.17)**	**(0.20)**	**(0.21)**	**(0.21)**	**(0.05)**	**(4.13)**

Forecast of CIP delivery	Apr £M	May £M	Jun £M	Jul £M	Aug £M	Sep £M	Oct £M	Nov £M	Dec £M	Jan £M	Feb £M	Mar £M
Monthly	2.00	2.28	3.49	3.71	4.89	3.57	4.40	3.98	(0.44)	3.95	2.62	2.86
YTD Cumulative	**2.00**	**4.28**	**7.77**	**11.47**	**16.36**	**19.93**	**24.33**	**28.32**	**27.88**	**31.82**	**34.45**	**37.31**
YTD Variance - NHSI profile	(1.27)	(2.56)	(2.83)	(3.25)	(2.81)	**(3.95)**	(4.09)	(4.62)	(9.56)	(10.12)	(11.99)	(13.59)
YTD Variance - current schemes	0.00	0.00	0.00	0.00	(1.23)	**(0.80)**	(0.79)	(1.16)	(5.90)	(6.24)	(7.90)	(9.46)

8.1. At the end of the March the Trust had developed CIP schemes with a total value of £46.8m against the target of £50.9m leaving a gap of £4.1m.

8.2. For the full year 2016/17 the Trust delivered £37.3m CIPs against an internal plan of £46.8m, a shortfall of £9.5m. This represents a shortfall of £13.6m against the full year NHSI plan.

In 2017/18 the Trust intends to move away from CIPs as a separate financial objective and focus on divisional and directorate EBITDA although Trust wide productivity schemes will continue to be centrally managed.

9. Non-EBITDA

The table below shows the analysis of the non-EBITDA performance.

Non-EBITDA Performance £'m	YTD Plan	YTD Act	YTD Var
Depreciation	(36.98)	(36.00)	0.98
Donated asset receipts	0.30	0.64	0.34
Interest expense (non PFI)	(0.22)	(0.22)	0.00
Interest expense on PFI leases and liabilities	(14.00)	(14.00)	0.00
Non-operating PFI costs (e.g. contingent rent)	(5.47)	(5.15)	0.32
Other finance costs	(0.00)	(0.04)	(0.04)
Interest receivable	0.20	0.15	(0.05)
Profit/loss on asset disposals	(0.20)	3.83	4.03
PDC dividend expense	(8.78)	(7.00)	1.78
Impairment	(0.00)	(58.21)	(58.21)
Total	**(65.15)**	**(116.00)**	**(50.85)**
Adjustment for impairment	(0.00)	58.21	58.21
Total before impairment	**(65.15)**	**(57.79)**	**7.36**

9.1. Non-EDITDA is a £7.4m favourable variance (excluding impairments), this is mainly due to:

- Gain on investment of £4.2m, this includes property and equity in spin out companies
- £1m on depreciation and £1.8m on PDC payments resulting from the revaluation of the Trust's assets at the end of March 2016 and March 2017.

10. Balance sheet

£m	Opening Balance 01-Apr-16	Closing Balance 31-Mar-17	Movement YTD	Mvmt. In Month
Non-Current Assets	645.34	563.90	(81.43)	(77.98)
Current Assets	143.67	115.85	(27.82)	(9.60)
Current Liabilities	(144.04)	(126.47)	17.57	(0.12)
Net Current Assets/(Liabilities)	(0.37)	(10.62)	(10.25)	(9.73)
Non-Current Liabilites	(271.76)	(256.91)	14.85	4.41
Total Assets Employed	373.20	296.37	(76.83)	(83.30)
Financed by Taxpayers Equity				
Total Taxpayers Equity	373.20	296.37	(76.83)	(83.30)

10.1. The material element of the increase in non-current assets in the month is largely due to a net revaluation reduction of £87m to the Trust's estate, this includes the Trust's PFI buildings being incorporated into the optimal site assumption, the switch to rented accommodation at Unipart and impairments on the Trust's retained estate caused by lack of upkeep which has also deteriorated the remaining useful life of the Trust's buildings.

10.2. Current assets decreased by £9.6m in the month largely driven by a £10.4m reduction in cash, a £0.1m reduction in receivables partly offset by a £1.0m increase in inventories.

10.3. As per the detail in Appendix 4, trade and other receivables have decreased by £0.14m in the month of March. Wessex owed over £8m in respect of over performance in quarter 4.

10.4. Cash deteriorated by £10.4m in month. Cash payments continue to exceed cash receipts.

10.5. Current liabilities increased by £0.1m in month, this is primarily driven by the profile of borrowings split between those due in less than one year and those due in more than one year.

10.6. The £1.5m decrease in non-current borrowings in month reflects both the regular repayments on the capital element of contracts with the Trust's PFI providers and the capital DH loans.

11. Cash flow

Cashflow at Month 12 £m	In Month Actual	YTD Actual	YTD Plan	Variance
Cash Flows from Operating Activities	(5.55)	(12.13)	70.86	(82.99)
Cash Flows from Investing Activities	(4.32)	(36.28)	(40.92)	4.64
Cash Flows from Financing Activities	(0.54)	0.61	(8.90)	9.51
Net Increase/(Decrease) in Cash	(10.41)	(47.80)	21.04	(68.84)
Cash - Beginning of the Period	52.05	89.43	89.48	(0.05)
Cash - End of the Period	41.64	41.64	110.53	(68.89)

11.1. Cash is £41.6m as at 31 March 2017, £68.9m below plan compared to £40.0m below plan at month 11. The key issues accounting for adverse cash position are explained below:

- **(£32.9m)** shortfall in the cash flow expected to be generated from planned operating surplus. This includes an assumption of the Sustainability and Transformation Funding of £20.4m for the year to March.
- **(£41.3m)** lower than expected working capital movement largely driven by £29.6m reduction in trade and other payables. This includes £9.9m of creditors paid earlier than the phasing within the plan, these payments relate to debt the Trust owed at the end of the 2015/16 financial year.
- **(£4.3m)** due to higher stock holding than planned.
- **£5.9m** lower than planned capital payments.
- **£9.2m in** PDC received - £8.4m of this was for the Ramsay Treatment Centre as above.

11.2. The cash balance of £41.6m is £0.7m higher than the rolling forecast produced last month; this is because the amount set aside to pay an expected PFI settlement was not required in March.

12. Capital expenditure

OUH Foundation Trust Capital Programme 2016/17	Annual Plan £m	M12 Plan £m	M12 Actual £m	M12 Variance £m	Forecast outturn £m
Gross Capital Spend					
Medical and Surgical Equipment	2.71	2.71	4.37	1.66	4.87
Lease Buyouts	0.72	0.72	0.00	(0.72)	0.00
Estates General	10.95	10.95	6.24	(4.72)	6.06
Major Equipment	4.53	4.53	2.65	(1.88)	2.83
Small Schemes	1.00	1.00	0.86	(0.14)	0.84
IT/EPR	2.31	2.31	2.40	0.10	2.35
Estates New Development	3.98	3.98	3.94	(0.04)	4.10
R&D	0.36	0.36	0.64	0.28	0.49
Donations	0.30	0.30	0.64	0.34	0.65
JR Theatre Remodelling - Loan funded element	0.00	0.00	0.00	0.00	0.00
JR Theatre Remodelling - Trust funded element	0.25	0.25	0.41	0.16	0.39
Adult Critical Care - Loan funded element	0.00	0.00	0.00	0.00	0.00
Adult Critical Care - Trust funded element	0.13	0.13	0.02	(0.11)	0.02
Radiotherapy: Milton Keynes - Loan funded element	0.00	0.00	0.00	0.00	0.00
Radiotherapy: Milton Keynes - Trust funded element	0.10	0.10	0.06	(0.04)	0.06
Radiotherapy Swindon	5.29	5.29	1.64	(3.65)	1.79
Purchase of Horton Ramsey Treatment Centre	0.00	0.00	8.40	8.40	8.40
EPR Reprocurement	2.70	2.70	0.41	(2.28)	0.47
Total Capital Programme Spend	**35.33**	**35.33**	**32.67**	**(2.66)**	**33.31**
PFI Lifecycle	5.79	5.79	4.74	(1.05)	4.74
Finance Leases	0.50	0.50	0.00	(0.50)	0.00
Technical Capital Adjustments (IFRIC 4 & IFRIC 12)	**6.29**	**6.29**	**4.74**	**(1.55)**	**4.74**
Gross Capital Spend	**41.62**	**41.62**	**37.40**	**(4.21)**	**38.05**

12.1. Gross capital expenditure for 2016/17 was £37.4m compared to a plan of £41.6m. This expenditure includes the Horton ISTC purchase of £8.4m (funded by additional PDC received in February) which was not included in the original plan. Therefore the variance to plan before the inclusion of the ISTC purchase was £12.6m.

12.2. The variance against plan is predominantly due to delays in schemes within the capital programme. The main drivers of this are as follows;

- **£3.7m** on the Swindon Radiotherapy development, due to delay in commencement of groundworks.
- **£2.3m** on EPR due to slippage, expenditure plans are now part of the GDE discussions with Cerner.
- **£1.9m** on Major equipment includes the JR Interventional Radiology room, although spend was delayed this work has now been completed and there was a reduction in expenditure on the equipment of £0.3m due to discounts achieved by Procurement compared to the list price included in the business case. This also includes the Horton CT scheme on which Estates are now predicting a £0.6m scheme underspend.

- **£4.7m** is on Estates General where the key influence on the variance to plan is the Cooling Towers and Chillers project (linked to the Carbon Energy scheme), the works have been delayed with £3.0m now forecast to fall into 2017/18 capital. Also work on ward infrastructure including the JR Infectious Diseases scheme and the Renal ward scheme have been delayed, with associated slippage of £1.2m into 2017/18.
- **£1.1m** on the PFI lifecycle due to delays on expenditure relating to a CT scanner and ultrasounds, that will not be replaced now until 2017/18.

12.3. The capital programme is reviewed regularly by the Business Planning Group (BPG) and Capital Planning Group.

12.4. The Chief Information and Digital Officer is conducting a review of governance over the capital programme with the intention of improving the accuracy of forecasting by scheme SROs in 2017/18

12.5. Gross capital expenditure for 2016/17 was £37.4m compared to a plan of £41.4m.

13. Use of Resource Metric

13.1. The following table details the assessment of the Trust's overall Use of Resources score of '3' at the end of March 2017. The Trust achieved an underlying overall rating of '2'. However as the Trust scored '4' for its performance against its I&E surplus plan an override applies limiting the rating to a score of '3.' Under the Single Oversight Framework (SOF) which became operational from the 1st October 2016, the NHSI replaced the Financial Sustainability Risk Rating with the Finance and Use of Resource metric as the measure of NHS providers' financial performance. The metric focuses on providers' financial efficiency and progress in meeting its control total. The financial metrics below assesses financial performance by:

- scoring providers 1 (best) to 4 against each metric
- averaging individual providers' scores across all the metrics to derive a use of resources score for the provider.

13.2. Where a provider has a score of 4 or 3 in the financial and use of resources theme, this will identify a potential support need under this theme.

Use Of Resource Metric			
Capital Service Cover rating	Score	1	2
Liquidity rating	Score	1	3
I&E Margin rating	Score	1	2
I&E Margin Variance From Plan rating	Score		4
Agency rating	Score	1	1
Use Of Resources Rating after overrides	Score		3

Jason Dorsett
Chief Finance Officer

May 2017