

Ealing Hospital NHS Trust
*incorporating the Community Services of
Brent, Ealing & Harrow*

Trust Board Director of Finance Report

Month 1 (April) 2014/15

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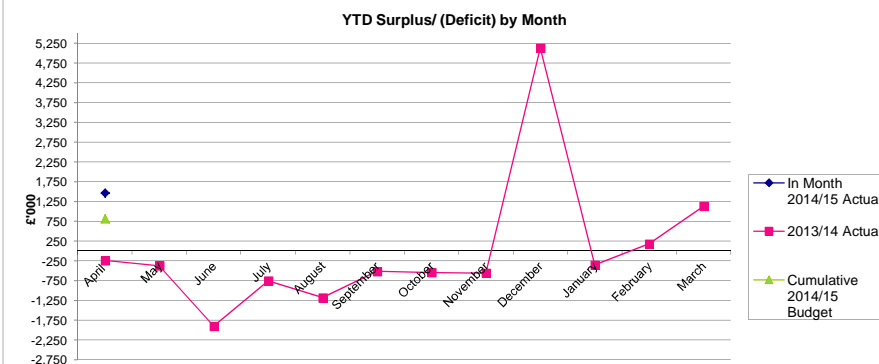
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Finance Report Month 1 (April) 2014/15 Executive Summary

The Trust reports month one financial deficit of £1,462k, which is £642k adverse to plan of £842k deficit. The large in month movement reflects the rephasing of the unidentified and undeveloped QIPP to equal twelfths.

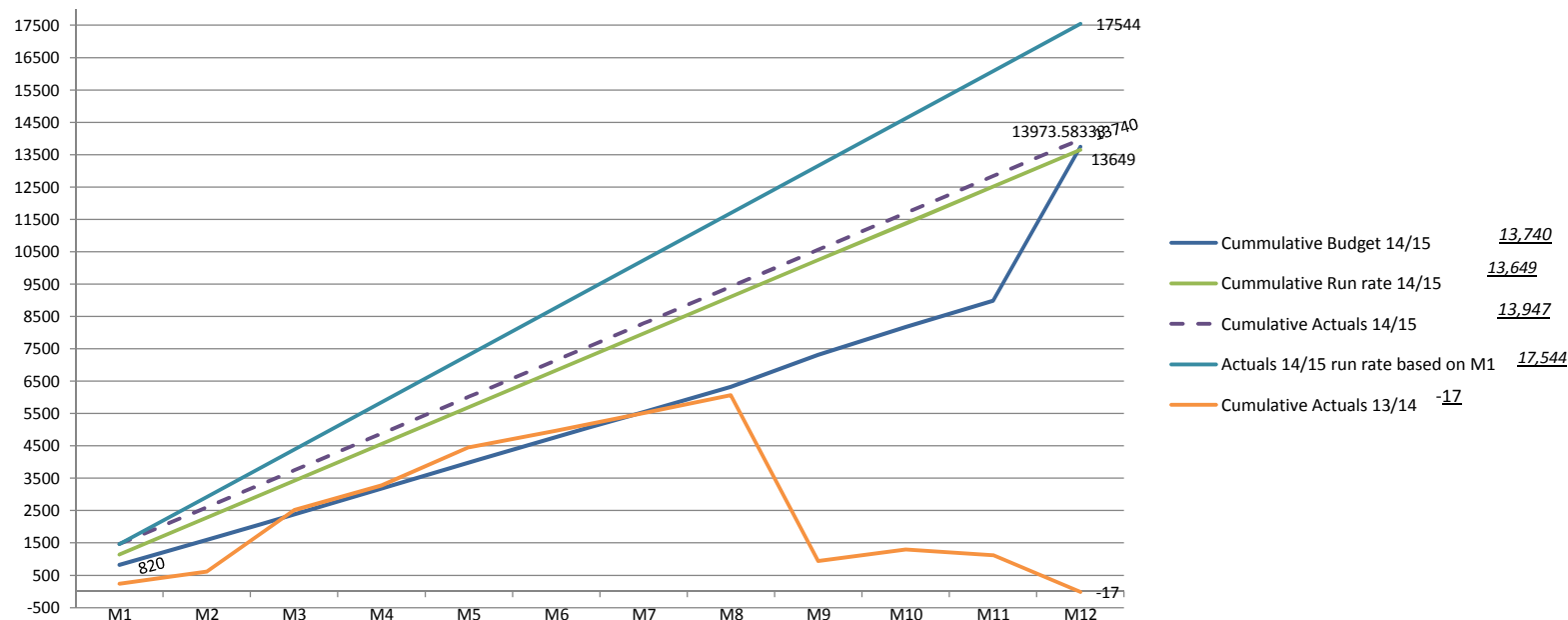
A significant focus for the business will be the delivery of the 2014/15 QIPP target is £10.5m, which represents a QIPP of £6.9m (3% operating expenses) for 2014/15 and a shortfall of £3,243k from 2013/14. The Turnaround team has been working with the business and have identified £8,022k of QIPP schemes by month 1 this leaves £2,478k yet to be identified.

The reported forecast for Month one is the planned deficit of £13,649k



Business Headlines	Budget	Actual	RAG Rating	Commentary
In Month Net -Surplus/ (Deficit) Year to Date	(820)	(1,462)	GREEN	Month 1 deficit, shows a variance of £642k adverse to budget. QIPP challenges remain the significant factor towards the adverse variance.
Cumulative Net Surplus/-Deficit Year to Date	(820)	(1,462)	GREEN	Year-to-date month 1 deficit, also reflects a cost-pressure of £324k, were it to be compared to a straight-line run-rate of £1,137k. This reinforces the fact that successful QIPPs are a key priority of the Trust.
Forecast Net Surplus/-Deficit Year to Date	(13,649)	(1,462)	GREEN	The Trust's original forecast was a financial outturn of £8.9m deficit which then reduced to £1m in month 10 aided by £7m non recurrent revenue funding from the TDA and Turn around actions. Further critical review of the trust's income and expenditure post month 10 has identified costs that could be more correctly charged to capital or merger budget lines, and the Trust reported a near break-even position for 2013/4.
Monitor Financial Risk Rating	1	1	RED	The financial risk rating is weighted average of financial criteria scores. Monitor over ride rules have been applied.
QIPP Target	386	239	AMBER	The QIPP challenge for 2014/15 is £10.5m which represents a 5% cost improvement programme. Until the QIPP has been devolved into the business units: £876k has been phased equally across the 12 months.
Deliver Capital Resource Limit (CRL)	5,271	285	RED	The Capital Group has proposed a capital plan for 201/15 which is currently over committed by £473k. The Capital group will monitor the progress of schemes throughout the year and it is expected the over commitment will be managed through procurement efficiencies and slippage within schemes agreed for 2014/15.
Cash Balance (£'000s)	4,337	9,389	GREEN	The favourable variance against plan is due to settlement of 13/14 merger costs and receipt of Education and Training monies in advance for quarter 1. The Trust also paid its Pension and NI liability for March, in March, resulting in no payments to HMRC in April, as these payments are made in arrears. As part of the Trust's annul plan submission, the Trust has highlighted the issue of planned income and expenditure position and the adverse impact this will have on the Trust's cash position. The Trust has highlighted requirement for cash funding throughout 14/15 and has agreed with the Trust Development Authority a drawdown schedule.
Better Payment Practice Code (%) YTD by Value	95%	68%	RED	The Trust is managing its liabilities within the cash resources available. It is expected BPPC figures will improve as further cash is received from the TDA.
Better Payment Practice Code (%) YTD by Volume	95%	76%	RED	
Financial Risks	GREEN			

Deficit



Key Messages

The full year forecast is £13,649, in line with plan.

However, by projecting the outturn based on a projected runrate, based on month one results of £1462k, the final outturn could be £17,544k. Thus demonstrating the key challenge to deliver the QIPP schemes.

	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
Cummulative Budget 14/15	820	1,591	2,381	3,181	3,981	4,781	5,539	6,324	7,309	8,169	8,984	13,740
Cummulative Run rate 14/15	0	1,137	2,275	3,412	4,550	5,687	6,825	7,962	9,099	10,237	11,374	12,512
Cumulative Actuals 14/15	1,462	2,599	3,737	4,874	6,012	7,149	8,287	9,424	10,561	11,699	12,836	13,974
Actuals 14/15 run rate based on M	1,462	2,924	4,061	5,199	6,336	7,474	8,611	9,749	10,886	12,023	13,161	14,298
Cumulative Actuals 13/14	240	616	2,517	3,272	4,452	4,966	5,511	6,070	939	1,295	1,115	-17

Risk	Description	Likelihood	Impact	Score	RAG rating	Mitigations
QIPP delivery	A £10.5million QIPP programme is planned in 2014/15 which represents 3% of Turnover (£6.7m) plus £3.8m of non-recurrent schemes delivered in 2013/14 that need to be identified again. The key risks are that there is an unidentified component of the CIP plan of £2.318m and that the organisations has three high value high risk schemes in year.	Likely	Major	16	RED	Areas have been identified to pursue schemes to deliver the gap of the £2.318m and a significant proportion of this target has been assigned to project leads and directors. With regards to the high risk schemes, bed modelling is taking place to support delivery of the length of stay plan, a specific work group has been created to deliver nursing agency savings and activities have commenced to improve nursing recruitment and enhance the Trust's staffing bank. Significant noticeable changes have been implemented in procurement to improve the materials management function. A work plan is in place to support delivery of the in year CIP allocation however this is challenging given the organisations success in delivering savings in this area.
Acute Contract Income with CCGs	The Contract Heads of Terms have been signed, but the contract remains unsigned	Possible	Moderate	6	GREEN	The Heads of Terms have been agreed. However as the contract remains unsigned there may be a series of risks that may become exposed that have not been planned for. Both parties are continuing to work through the schedules of the contract and also working through agreeing the detail around the elements of the Heads of Terms. The primary principles of the block contract that remain to be clarified are the following : principles of the under/over performance arrangements, COJIN performance and the acute performance bond measures. All of these require detailed finance and activity plans to underpin the financial monitoring arrangements of the block contract.
Community Contract Income with CCGs	The Contract Heads of Terms have been signed, but the contract remains unsigned	Unlikely	Moderate	1	GREEN	The Heads of Terms contain agreement of a service line review of Brent and Ealing community services. £1m of the Brent CCG funding for community services is non recurrent and payment of this is dependent on an agreement of a plan of review of the costs and income of the service. The expectation is that this review will be undertaken within the timescales of the Heads of Terms. Any financial risks from this review will likely affect contract negotiations for the forthcoming year.
Maternity Transitional Funding	The transitional funding for maternity services is rolled over from 2013-14 and is necessary to support the maternity department as births have declined significantly since 2012-13	Possible	Moderate	6	GREEN	The requested maternity transitional funding is outside the contract agreement and will be considered via the Collaborative Board. At the time of signing the Heads of Terms the collaborative board have allocated Ealing Hospital £1.9m of transitional funding. However the Trust has planned for £2.6m.
Funding of costs of community properties		Possible	Moderate	6	GREEN	The most significant risk remaining is collection of rent from third parties who occupy space in buildings we now own. The Finance team continue to work with Estates team to ensure payment of the invoices.
Intermediate Care (ICE) Service KPIs	The benefit and risk share on the ICE Service contract penalises the Trust if the total non elective activity of Ealing CCG doesn't decrease beyond a set threshold.	Unlikely	Moderate	1	GREEN	The ICE KPI penalty was included as part of the 2013/14 contract settlement. However this has not been agreed for 2014-15.
Merger costs	Merger costs will continue to be incurred in 2014/15 as in the last three financial years. Funding for these costs has yet to be finalised.	Unlikely	Major	8	AMBER	2014/15 Merger costs are not included within the plans submitted for the Trust and the TDA are fully aware that not funding these costs will result in the Trust reporting a higher deficit
Working Capital	The 2014/15 planned deficit will result in a cash shortfall which will require central funding. This has been made clear in our plan submission to the TDA.	Unlikely	Major	8	AMBER	Initial communications with the TDA suggest this funding will be forthcoming. Robust management of cashflow will determine the periods this cash will be required.
Average Risk Rating				7	GREEN	

Measures of Likelihood		Measures of Impact	
Level	Descriptor	Level	Descriptor
0	Impossible	0	Negligible
1	Rare	1	Minor
2	Unlikely	2	Moderate
3	Possible	3	Serious
4	Likely	4	Major
5	Almost Certain	5	Catastrophic

RAG Rating Key	
Red	Score is greater than 14
Amber	Score is between 8 and 14
Green	Score is less than 8

Monitor Financial Risk Indicators

The Trust's underlying risk rating is '3' however, under the Monitor regime the Trust's financial risk rating is a 1, due to Monitor's over ride rules being applied. This is classed as high risk and the Trust would be required to provide a monthly remedial plan to Monitor. Three criteria would need to be increased to 3 in order to have an overall Trust rating of 3.

Financial Criteria	Metric	Planned Value	YTD Value	Planned Rating	Rating	RAG Rating	5	4	3	2	1
Achievement of Plan to Date	EBITDA Projected (% of Planned EBITDA)*	100.0	1178.5	5	5	GREEN	100	85	70	50	<50
Underlying Performance	EBITDA Margin %	-0.3	-3.9	1	1	RED	11	9	5	1	<1
Financial Efficiency	Return on Assets Excluding Dividend (%)	-0.1	-0.8	2	2	AMBER	3	2	-0.5	-5	<-5
	I&E Surplus Margin Net of Dividend (%)	-2.7	-5.8	1	1	RED	3	2	1	-2	<-2
Liquidity	Liquidity Ratio (days)	-	8 -	60	1	1	RED	60	25	15	10 <10
Overall				1	1	RED	Financial risk rating is weighted average of financial criteria scores. Monitor over ride rules apply				
Underlying risk (without Monitor over ride):					1						

Notes:

Monitor, the Foundation Trust regulator, uses four financial criterion, consisting of five metrics, to determine the risk of a financial breach by an organisation. Each financial criterion is rated 1 (high risk) to 5 (low risk) and compared to a grid of standard values. Once a preliminary score of 1 to 5 has been generated for each financial criterion, the relevant risk weighting is applied to derive an aggregate, whole number rating of 1 (highest risk) to 5 (lowest risk) for financial risk. On authorisation, an NHS foundation trusts financial risk rating will be either a 3 or 4 unless there are exceptional circumstances. If two or more financial criterions are rated as "1", the over ride rules will apply and categorise the Trust as "RED".

* EBITDA = Earnings before, interest, taxes, depreciation and amortisation.

Financial Summary (I&E)

		Annual budget	YTD Budget £'000	YTD Actuals £'000	YTD Variance £'000	In Month Budget £'000	In Month Actuals £'000s	In Month Variance £'000s
	Local Authorities Income	-6,338	-528	-599	71	-528	-599	71
	NHS Other Income	-502	-42	-82	40	-42	-82	40
	Overseas Patients Income	-16	-1	0	-1	-1	0	-1
	CCG Income	-201,799	-16,900	-17,222	323	-16,900	-17,222	323
	Private Patients Income	-9	-1	-1	0	-1	-1	0
	Road Traffic Act Income	-730	-61	-49	-12	-61	-49	-12
Income from Activities		-209,394	-17,533	-17,954	421	-17,533	-17,954	421
	Charitable & Other Contr Income	-19	-2	0	-2	-2	0	-2
	Education, Train & Rsch Income	-9,538	-795	-786	-9	-795	-786	-9
	Income Generation	-3,443	-287	-303	16	-287	-303	16
	Non Patient Care Svs Income	-2,172	-181	-374	193	-181	-374	193
	Other Income	-1,182	-153	-357	203	-153	-357	203
	Patient Transport Income	-62	-5	-10	5	-5	-10	5
	Xfers Donated Asset Res Inc	0	0	0	0	0	0	0
Other Operating Income		-16,416	-1,423	-1,830	407	-1,423	-1,830	407
Pay	A&C Staff Costs	24,539	2,036	1,854	182	2,036	1,854	182
	Executive Directors Costs	756	63	91	-28	63	91	-28
	Hca & Support Staff Costs	1,992	166	250	-84	166	250	-84
	Medical Staff Costs	36,377	3,028	2,960	68	3,028	2,960	68
	Non Executive Directors Costs	54	4	5	-1	4	5	-1
	Non NHS Staff Costs (Agency)	3,290	120	1,600	-1,480	120	1,600	-1,480
	Nursing, Midwifery & H Visiting	73,674	6,127	5,466	661	6,127	5,466	661
	Other Employees Staff Costs	-5,594	-466	-17	-449	-466	-17	-449
	Scientific, Therapeutic Staff	26,486	2,202	1,946	255	2,202	1,946	255
	Senior Managers	7,582	632	581	51	632	581	51
Pay		169,155	13,912	14,737	-825	13,912	14,737	-825
Non Pay	Audit Fees	105	9	10	-1	9	10	-1
	Bad Debts	20	2	0	1	2	0	1
	Clinical Negligence	3,497	291	284	7	291	284	7
	Consultancy	189	16	55	-39	16	55	-39
	Education & Training	886	72	54	18	72	54	18
	Establishment	1,941	161	192	-31	161	192	-31
	Other Expenses	-3,561	-330	254	-583	-330	254	-583
	Premises	8,061	688	731	-44	688	731	-44
	Recharges	0	0	-3	3	0	-3	3
	Supplies & Services - Clinical	32,921	2,744	2,859	-115	2,744	2,859	-115
	Supplies & Services - General	15,142	1,287	1,197	90	1,287	1,197	90
	Transport	2,057	171	180	-9	171	180	-9
Non Pay		61,257	5,109	5,813	-703	5,109	5,813	-703
EBITDA		4,602	65	766	-700	624	461	163
Financing Transactions	Depreciation	5,271	439	381	58	439	381	58
	Impairment of assets	0	0	0	0	0	0	0
	Net Interest	-23	-2	-2	0	-2	-2	0
	Other Expenses	0	0	0	0	0	0	0
	Pdc Dividends	3,800	317	317	0	317	317	0
	Profit/Loss On Disposal Of F.A	0	0	0	0	0	0	0
Financing Transactions		9,048	754	696	58	754	696	58
Total Surplus/(Deficit)		13,649	820	1,462	-642	820	1,462	-642

Key Messages

Income from clinical activity is £18.0m in month (budget £17.5m), which is a favourable variance of £421k. Additional income supported by CCG funding for resourcing the extension of the Winter wards in Brent Cs (£150k) and Jasmine ward (£128k) in Ealing Cs are the main drivers for the favourable position. There is also income for the Family Nurse Partnership Team which Brent Cs is hosting for another year (£22k) and the Falls Pilot in Ealing CS which relates to increasing numbers of baseline referrals.

Other Operating Income is £1.8m in month (budget £1.4m), which is a favourable variance of £407k. Other income variance (£203k) is generated by a recharge of estates costs at Hillingdon hospital to Hillingdon CCG. Non Patient Svs Income contributes (£193k) to the favourable position, this reflects the Trusts recovery of chargeable merger costs for Month one.

Pay expenditure is £14.7m in month (budget £13.9m), which is an adverse variance of £825k. Continued vacancies across the Trust is the continued theme for overall pay cost pressure. The net position of staff costs less agency spend reflects a cost pressure of £383k. The two main directorates that are contributing towards the cost pressure are Medicine (£299k) and Surgery and Critical Care (£178k). The key factors are due to staffing up escalation beds (a number of which have been unfunded) in April, additional staff to manage T&O waiting list targets, casemix of patients which has required the use of unfunded specialist nurses and high vacancy rates, which have been resourced by agency staff whilst efforts are in place to recruit to posts. The pay QIPP has also been phased in one-twelfths £441k, within Central directorate until agreed QIPP schemes are devolved into directorates (this should occur in month 2).

Non pay expenditure is £5.8m in month (budget £5.1m), which is an adverse variance of £703k. The main contributor to the adverse variance is the £436k of non-pay QIPP which has been phased into equal twelfths, until QIPP schemes have been identified. Whilst the PCT income has been agreed to be paid under a block contract, with over performance above a threshold, the cost pressure within supplies and services - clinical is in line with the PbR correlated over-performance.

Financing transactions are £696k in month (budget £754k), which is a favourable variance of £58k.

* EBITDA = Earnings before, interest, taxes, depreciation and amortisation.

Directorate Performance

Directorate	Expenditure Type	Annual Budget £'000	YTD Budget £'000	YTD Actuals £'000	YTD Variance £'000	In Month Budget £'000	In Month Actual £'000	In Month Variance £'000	Key Messages
Medicine Directorate	Recharges	2,950	246	305	(59)	246	305	(59)	Medicine is showing an adverse variance of £330k in month, against a budget of £3,577k. There is a slight favourable income variance of £42k against NHS Other income, which relates to activity greater than budgeted, for pacemaker SLA with Royal Brompton hospital. Of the total adverse £330k variance, the £300k relates to Pay, due to ongoing clinical vacancies (12%) being covered by agency staff. The predominant reasons for this is cover for vacancies £151k, specialist nursing £65k, sick leave and due to a number of escalation beds remaining open into April 2014. Additional analysis shows that within Medicine & A&E: 40% of Nurses booked via Agency are booked on the night shift. £59k of costs are also due to patient outliers on surgical wards. There is also 90k as an adverse variance for excluded drugs within the directorate. The associated income will be devolved in month 2.
	Pay	30,760	2,515	2,815	(300)	2,515	2,815	(300)	
	Non Pay	10,900	905	913	(8)	905	913	(8)	
	Income From Activities	(409)	(34)	(76)	42	(34)	(76)	42	
	Other Operating Income	(656)	(55)	(50)	(5)	(55)	(50)	(5)	
Medicine Directorate		43,545	3,577	3,907	(330)	3,577	3,907	(330)	
Surgery & Critical Care Dir	Recharges	0	0	(59)	59	0	(59)	59	Surgery is showing an adverse variance of £67k in month, against a budget of £2,264k. The in month adverse pay variance is £177k, which is due to a number of underlying cost pressures across the Surgery directorate. The main contributors to the variance is as follows: 7 South (£32k) due to additional agency staff to reduce T&O waitlist lists; in month costs pressures on call intensity rotas (£43k); Waiting list initiatives to staff escalation beds (£44k); high vacancy rates with theatres continue to cause pressure on use of agency staff (£23k); agency staff cover to manage sick leave with ITU (c.£10k); agency cover for a registrar within Urology (£15k), an appointment has recently been made, so going forward this should reduce. The non-pay variance is broadly due to spend within theatres and other clinical areas being lower than the budget position. A point to note is that within 2014/15 a subscription for the Cancer Alliance network with Royal Marsden has been signed. The subscription fee currently represents a £40k annual cost pressure, as it had not been included within the budget position, clarification is being sought.
	Pay	21,594	1,799	1,977	(177)	1,799	1,977	(177)	
	Non Pay	5,618	468	426	42	468	426	42	
	Income From Activities	0	0	0	0	0	0	0	
	Other Operating Income	(41)	(3)	(13)	9	(3)	(13)	9	
Surgery & Critical Care Dir		27,171	2,264	2,331	(67)	2,264	2,331	(67)	
Women & Child Health Dir	Recharges	0	0	(5)	5	0	(5)	5	Women and Child Health is showing a favourable variance of £15k in month, against a budget of £1,282k. Whilst this is broadly a breakeven position, it masks the fact that within pay there are currently vacancies within Maternity (25 wte's) and Child Health (22 wte's). In 2013/14 a number of vacancies were held in the anticipation of falling bookings in maternity ward, however the forward bookings within Maternity, show an increased number of bookings compared with 2013/14. There is currently a recruitment plan in place, commencing recruitment for maternity nurses/midwives. The near break-even position of Women and Child Health demonstrates that the directorate, despite the reliance on agency staff are operating within pay control totals set to manage agency spend.
	Pay	14,425	1,202	1,193	9	1,202	1,193	9	
	Non Pay	1,226	102	94	9	102	94	9	
	Income From Activities	(2)	0	0	0	0	0	0	
	Other Operating Income	(94)	(8)	0	(8)	(8)	0	(8)	
Women & Child Health Dir		15,555	1,296	1,282	15	1,296	1,282	15	
Brent Cs	Recharges	0	0	0	0	0	0	0	Brent Community Services is showing a favourable variance of £163k in month, against a budget of £2,046k. The Pay variance includes an underlying underspend (c.£170k), due to the difficulty in recruiting health visitor and school nurse positions, this is offset by additional fixed term/agency staff (c.£167k) to resource the extension of Brent community escalation beds within Furness ward (£89k) and Robinson Winter (£47k), which have approved funding from CCG through to the end of May, along with some additional funding from NHS England for Family Nursing Partnership SLA. The non-pay variance of £29k includes a cost pressure of c.£8k in month (full year effect £96k) for an unfunded Psychology SLA.
	Pay	22,039	1,809	1,795	14	1,809	1,795	14	
	Non Pay	2,943	239	268	(29)	239	268	(29)	
	Income From Activities	(29)	(2)	(180)	178	(2)	(180)	178	
	Other Operating Income	0	0	0	0	0	0	0	
Brent Cs		24,954	2,046	1,883	163	2,046	1,883	163	
Ealing Cs	Recharges	(2,950)	(246)	(246)	0	(246)	(246)	0	Ealing Community Services is showing a favourable variance of £225k in month, against a budget of £3,247k. The Pay variance includes an underlying underspend of (c£233k), which is mainly due to difficulties in recruiting to Health Visiting, School Nursing and District Nursing vacancies. This is offset by additional fixed term/ agency staff cost (c£204k) which is used to resource the Nurse Led Jasmin (£125k) and FALLS (£20k) to support the increase in baseline referrals, these are supported by funding from Ealing CCG to end of August 2014 and the latter to the end of May 2014. There is additional funding from the Local Authority for the resources used to support the Early Years program (£59k).
	Pay	39,316	3,276	3,252	24	3,276	3,252	24	
	Non Pay	6,226	519	476	43	519	476	43	
	Income From Activities	(2,980)	(248)	(409)	160	(248)	(409)	160	
	Other Operating Income	(653)	(54)	(51)	(3)	(54)	(51)	(3)	
Ealing Cs		38,958	3,247	3,021	225	3,247	3,021	225	
Harrow Cs	Recharges	0	0	0	0	0	0	0	Harrow Community Services is showing a favourable variance of £60k in month, against a budget of £1,303k. The Pay variance is £53k underspent, largely due to vacancies within Adult services and Health visiting services, which are running at under-establishment levels. The negative variance of £232k, is offset by the pass-through income received by Hillingdon CCG. It relates predominantly to the UCC Hillingdon SLA. Charges incurred for estate costs at Hillingdon trust are recharged to Hillingdon CCG.
	Pay	19,435	1,617	1,564	54	1,617	1,564	54	
	Non Pay	4,519	393	626	(233)	393	626	(233)	
	Income From Activities	(7,983)	(665)	(684)	19	(665)	(684)	19	
	Other Operating Income	(305)	(42)	(263)	221	(42)	(263)	221	
Harrow Cs		15,666	1,303	1,243	60	1,303	1,243	60	
Clinical Support Services Dir	Recharges	0	0	0	0	0	0	0	Clinical Support Services is showing a favourable variance of £130k in month, against a budget of £130k. Whilst there are a number of vacancies, especially within the medical staff within the directorate, they are managing to operate within the pay control framework, set out to operate pay costs within budgetary limits. The non-pay positive variance of £64k, and the income positive variance of £41k, are attributable to the Ealing hosted TDL Pathology contract: Ealing activity is less than planned activity, and the activity hosted for other trusts have increased, attracting income greater than anticipated at the time of setting the budget.
	Pay	8,141	685	653	32	685	653	32	
	Non Pay	8,818	734	670	64	734	670	64	
	Income From Activities	(552)	(46)	(39)	(7)	(46)	(39)	(7)	
	Other Operating Income	(1,571)	(131)	(171)	41	(131)	(171)	41	
Clinical Support Services Dir		14,836	1,242	1,113	130	1,242	1,113	130	
Corporate Directorate	Recharges	0	0	0	0	0	0	0	Corporate Directorate is showing a favourable variance in month of £113k against a budget of £3,196k. The pay variance is £99k underspent. The budgets for gas and electricity have been rebased at outturn 2013/14. This has contributed to the non-pay underspend of £24k in month.
	Pay	16,963	1,448	1,349	99	1,448	1,349	99	
	Non Pay	25,985	2,153	2,117	36	2,153	2,117	36	
	Income From Activities	(709)	(59)	(64)	5	(59)	(64)	5	
	Other Operating Income	(4,149)	(346)	(319)	(26)	(346)	(319)	(26)	
Corporate Directorate		38,091	3,196	3,083	113	3,196	3,083	113	
Central Directorate	Finance Charges	3,777	316	316	0	316	316	0	The Central Directorate is showing an adverse variance of 951k against a budget of £17,352k in month. QIPP target of £10,522k has been rephased internally to equal twelfths, and held centrally. Identified QIPP budgets will be devolved, from Month 2, and rephased, against Scheme plans (Monthly:- Pay QIPP is £441k and Non-pay QIPP is £436k). Within month 1 position are c. £178k of merger costs - project workstreams. These costs have been reflected as accrued income, as they will be invoiced to NWL, as a merger cost recharge.
	Recharges	0	0	2	(2)	0	2	(2)	
	Pay	(3,520)	(441)	140	(581)	(441)	140	(581)	
	Non Pay	294	35	607	(572)	35	607	(572)	
	Income From Activities	(196,731)	(16,477)	(16,502)	25	(16,477)	(16,502)	25	
	Other Operating Income	(8,948)	(784)	(962)	178	(784)	(962)	178	
Central Directorate		(205,127)	(17,352)	(16,397)	(951)	(17,352)	(16,397)	(951)	
Sum:		13,649	820	1,464	(642)	820	1,464	(642)	

Pay Costs Analysis including Bank and Agency

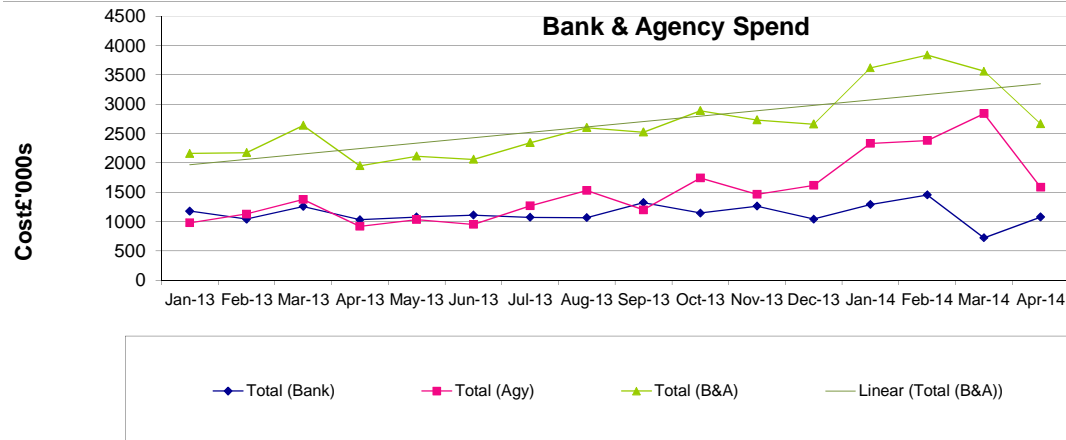
YTD Pay Variance Analysis by division - Fav/(Adverse) £'000s										
	Medicine	Surgery & Critical Care	Women & Child Health	Brent CS	Ealing CS	Harrow CS	Clinical Support Services Dir	Corporate	Central	Total
Medical Staff										
Permanent	125	54	13	33	(91)	10	46	10	-	200
Locum	(91)	(93)	(19)	9	73	(9)	-	-	-	(130)
Agency	(171)	(44)	(10)	(3)	(22)	-	(17)	-	-	(267)
Total	(137)	(83)	(16)	39	(40)	1	29	10	0	(197)
Nursing Staff										
Permanent	157	79	116	123	304	202	4	32	-	1,017
Bank	(147)	(80)	(34)	(62)	(67)	(36)	(1)	(8)	-	(435)
Agency	(131)	(74)	(63)	(138)	(220)	(138)	(1)	(4)	-	(769)
Total	(121)	(75)	19	(77)	17	28	2	20	0	(187)
Technical and Scientific										
Permanent	(7)	1	-	55	219	33	(3)	4	-	302
Bank	(2)	(7)	-	(14)	(12)	(1)	(15)	4	-	(47)
Agency	(2)	(2)	1	(3)	(183)	(30)	(5)	-	-	(224)
Total	(11)	(8)	1	38	24	2	(23)	8	0	31
Administration										
Permanent	(15)	39	15	57	21	63	27	132	(41)	298
Bank	(10)	(16)	(3)	(40)	(6)	(5)	(2)	(30)	-	(112)
Agency	(5)	(30)	(5)	(2)	(5)	(20)	-	(39)	(99)	(205)
Total	(30)	(7)	7	15	10	38	25	63	(140)	(19)
Other Staff Costs		(5)	(2)	0	12	(14)	0	(2)	(441)	(452)
Total Pay	(299)	(178)	9	15	23	55	33	99	(581)	(824)

Key Messages

The overall pay over spend of £824k is largely explained by Medicine and Surgery overspends with a combined total of £477k. In addition there is undeveloped QIPP target of £441k. (one-twelfth of the Pay QIPP target).

Both directorates have medical and nursing pressures and are using temporary staff to cover vacancies, sickness and bed pressures. Specialising care was also a huge driver of the over spend in both directorates. Further analysis indicates that within A&E Medicine the use of agency staff appears to be weighted against the night shift. Further analysis will take place to establish if this is significant. The other cost pressures in the month is expenditure in Surgery in respect of on call intensity rota and Waiting List Initiatives in order to meet the RTT targets.

The table at the bottom of the page shows the number of net vacancies in the organisation (budget vs actual in post wtes)



Monthly expenditure on bank & agency (£'000)				
Month	Acute Bank	Community Bank	Acute Agency	Community Agency
Jan-13	697	482	566	416
Feb-13	645	398	609	520
Mar-13	829	429	597	781
Apr-13	701	331	611	307
May-13	709	370	498	538
Jun-13	684	425	457	495
Jul-13	697	377	746	523
Aug-13	687	378	997	536
Sep-13	874	447	537	663
Oct-13	724	422	774	967
Nov-13	818	447	846	619
Dec-13	630	412	831	786
Jan-14	828	462	1,080	1,250
Feb-14	974	480	1,210	1,173
Mar-14	346	376	996	1,844
Apr-14	643	434	797	789
Year to Date total	8,672	4,929	9,583	9,700

Area	Staff Type	Budget	Permanent WTE	(Over)/under establishment
ACUTE	Medical	326.0	296.0	30.0
	Nursing	885.0	768.0	117.0
	Scientific	135.0	125.0	10.0
	Administration	487.0	400.0	87.0
Acute Total		1833.0	1589.0	244.0

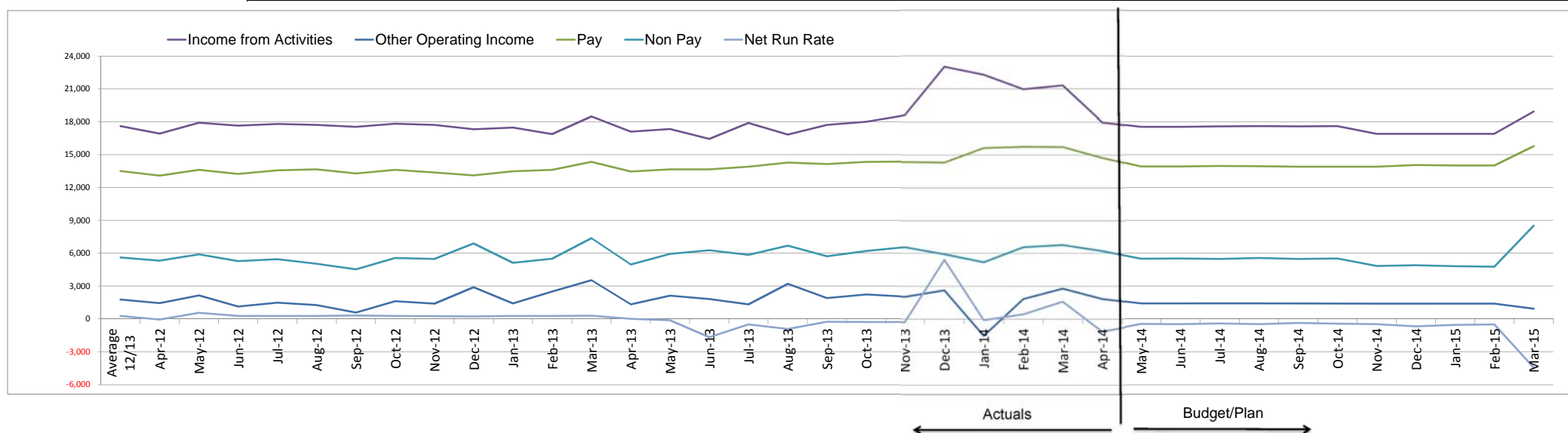
Area	Staff Type	Budget	Permanent WTE	(Over)/under establishment
COMMUNITY	Medical	67.0	56.0	11.0
	Nursing	938.0	899.0	39.0
	Scientific	465.0	395.0	70.0
	Administration	396.0	358.0	38.0
Community Total		1,866.00	1,708.00	158.0

Trust Total (ACUTE & COMMUNITY)	3,699.00	3,297.00	402.00
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Finance Report Month 1 (April) 2014/15

Net run rate comparison to 12/13 average and in month performance

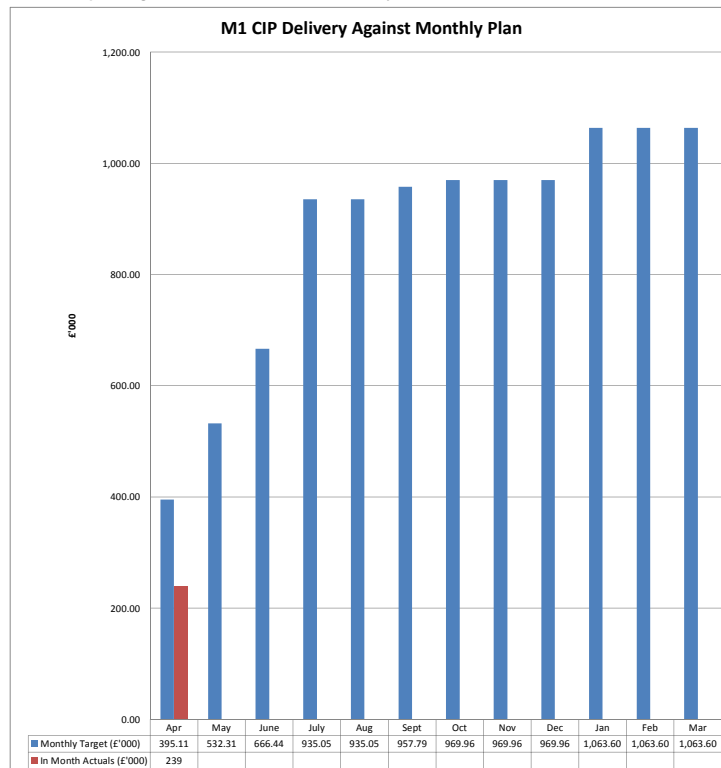
The graph below shows expenditure levels, categorised by Pay, Non Pay and Total Expenditure for 12/13 in comparison with the in year monthly performance.



I&E	Average 12/13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Income from Activities	17,593	16,829	17,711	18,000	18,598	22,996	22,265	20,940	21,294	17,954	17,533	17,533	17,586	17,586	17,586	17,586	16,886	16,886	16,886	16,886	18,910
Other Operating Income	1,781	3,197	1,894	2,235	2,034	2,631	- 1,505	1,828	2,779	1,830	1,423	1,423	1,423	1,423	1,423	1,390	1,390	1,390	1,390	1,390	930
Total Income	19,374	20,026	19,605	20,235	20,632	25,627	20,760	22,768	24,073	19,784	18,956	18,956	19,009	19,009	19,009	18,976	18,276	18,276	18,276	18,276	19,840
Pay	13,492	14,269	14,147	14,324	14,351	14,305	15,641	15,754	15,725	14,734	13,912	13,912	13,953	13,942	13,904	13,902	13,903	14,046	13,997	13,999	15,772
Non Pay	5,616	6,679	5,705	6,193	6,560	5,908	5,197	6,557	6,757	6,197	5,499	5,518	5,477	5,552	5,470	5,516	4,843	4,900	4,823	4,777	8,509
Total Operating Expenditure	19,108	20,948	19,852	20,517	20,911	20,213	20,838	22,311	22,482	20,931	19,411	19,430	19,430	19,494	19,374	19,418	18,746	18,946	18,820	18,776	24,281
Net Run Rate	266	- 922	- 247	- 282	- 279	5,414	- 78	457	1,591	- 1,147	- 455	- 474	- 421	- 485	- 365	- 442	- 470	- 670	- 544	- 500	- 4,441
Financing Costs	260	258	267	263	280	284	279	277	459	316	316	316	316	316	316	316	316	316	316	316	316
Surplus / Deficit		- 1,180	- 514	- 545	- 559	5,130	- 357	180	1,132	- 1,463	- 771	- 790	- 737	- 801	- 681	- 758	- 786	- 986	- 860	- 816	- 4,757

Project	Project Director	Project Lead	RAG Status	Operating Plan / Original Annual Target £'000's	Target Savings M1 £'000's	Actual YTD M1 Savings Realised £'000's	Variance Against Risk Adjusted YTD Plan £'000's	Full Year Forecast Savings YTD £'000's	Variance Full Year Forecast vs. Full Year Target £'000's
Unidentified	To Be Allocated	To Be Allocated	Red	2,318	0	0	0	0	-2,318
Procurement	Chris Blake	Malcolm Dorman	Red	1,553	66	62	-3	1,553	0
Length of Stay	William Lynn	Pat Rubin	Red	1,442	10	0	-10	1,442	0
Directorate	Various	Various	Amber	1,290	107	93	-14	1,290	0
Agency Nursing Staffing Savings	Carole Flowers	Bridget Jansen	Red	1,133	19	4	-15	1,133	0
Estates	Paul Kingsmoore	Gary Munn	Amber	940	62	17	-44	940	0
Coding/best practice	Kevin Connolley	Steve Piper	Amber	379	32	0	-32	379	0
Medical Staffing	Alta Sa'adu	Mary Harrison	Amber	373	15	0	-15	373	0
Theatres	William Lynn	Pat Rubin	Amber	348	16	15	-1	348	0
Admin & Clerical	Paul Stanton	Karan Middleton	Amber	312	19	0	-19	312	0
Mgmt structure & back office	Various	Various	Amber	271	10	15	5	271	0
Tri borough	Paul Stanton	Community Services Directors	Amber	88	2	2	0	88	0
Income	Various	Various	Amber	75	29	29	0	75	0
Performance Against Operating Plan			Amber	10,522	386	239	-148	8,204	-2,318
Full Year Plan - Phased Equally (Budget Control Total)			Red	10,522	877	239	-638	8,204	-2,318

In Month Operating Plan and In Month Actual Delivery



The in year programme is a combination of a 3% efficiency target on the 2014/15 opening budgets in addition to £3.8m of 2013/14 savings that were delivered non recurrently in the last financial year. Although significant progress has been to clear legacy CIP plans from the budgets a balance still remains which needs to be addressed. The value of this budgetary pressure is £613k and is largely sitting in support services.

To date project leads with the support of the Turnaround Team have identified £8.2m of the £10.5m representing 78%. All of these schemes have PIDs and draft QIAs where appropriate and deemed necessary. Progress against these schemes are monitored through the fortnightly Turnaround Delivery Meetings which are attended by the Turnaround Team, Project Sponsor and Finance and HR representatives.

Steps are being taken to support the operations team in identifying schemes to bridge the gap and targets have already been devolved to directorate leads based on areas where non recurrent opportunities were realised in 2013/14. Out of the remaining balance £1.7m has been devolved and is now owned by the relevant operations lead.

The remainder of the £2.3m gap (£0.6m) is yet to be allocated however a detailed review of budgets that have been increased over and above the normal expected increased are being unravelled to identify if any further opportunities that could be worked up to bridge this gap. In addition to this other corporate services that currently do not have a CIP plan in the 2014/15 programme (Estates and Procurement, HR, ICT and Finance all have schemes) will be approached and requested to make a contribution.

The success of the 2014/15 programme this very much predicated on three high value schemes which combined equate to 50.3% of identified schemes to date. These schemes are namely Agency Nursing Staffing Savings, Procurement and Length of Stay (Medicine and Surgery). Although these schemes are being developed and worked up at pace there are some specific risks to delivery of which are detailed below;

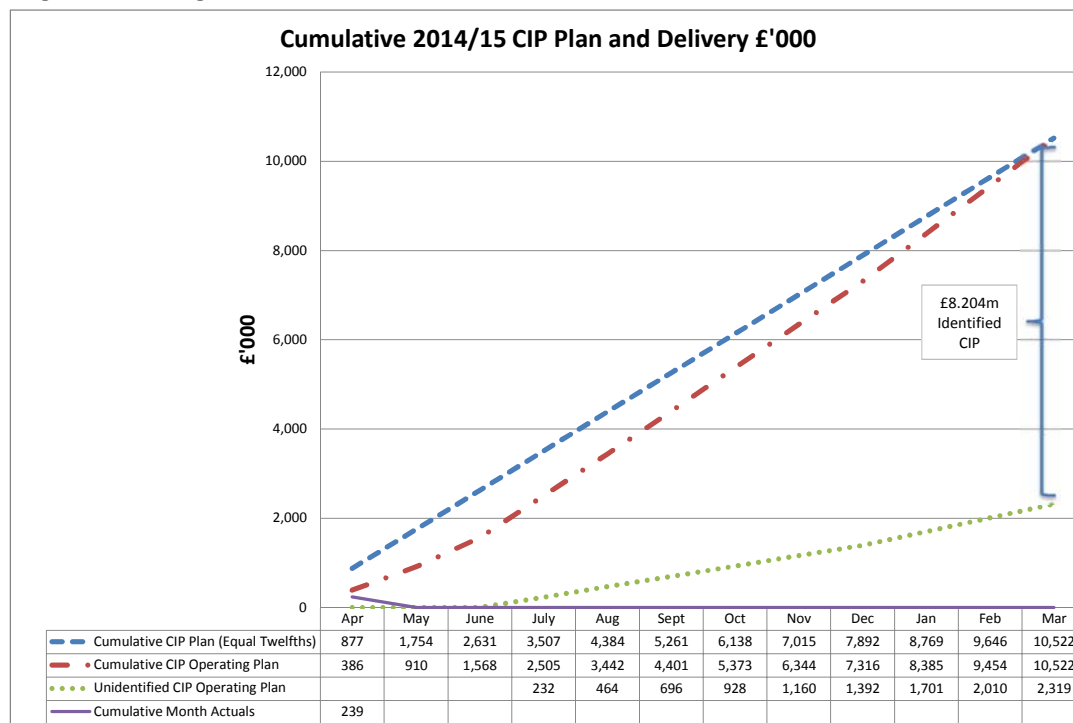
- Agency Nursing Staffing Savings - Substantive recruitment to posts has been challenging to date. The work stream held a very successful recruitment fair where almost 50% that attended were appointed. This scheme is about reducing agency spend through aggressive nursing recruitment and enhancement of the Trust Staffing Bank. In order for this to deliver the in year plan recruitment needs to rapid and promotion of the Trust Bank are key critical success factors.
- Procurement - Although changes have been implemented to enable deliver of the procurement CIP several areas remain at risk. A work plan has been produced which supports delivery of the projects key component which equates to £1m (the balance of schemes across Pharmacy and ICT are progressing well) however only circa £400k of this plan has been financially validated.
- Length of Stay - This scheme is phased in from M2 and discussions regarding the in year bed model are in progress. There is a concern that given the number of escalation beds that were opened in April the Medicine plan all be it credible will be difficult to implement in this current environment. Specific beds have been identified in Surgery to remove however a further 3 beds need to be defined.

The value of the in month target is low which is illustrated above against one twelfth of the full year plan. This is due to a number of factors including the timing of the Turnaround team being in place and also that challenges faced at the end of the last financial year due to significant slippage in the 2013/14 plan.

Finance Report Month 1 (April) 2014/15
YTD QIPP Performance - By Directorate

Directorate	Full Year Target 2014/15 £'000	M1 YTD (Target) £'000	M1 YTD (Actual) £'000	M1 YTD (Variance) £'000
Brent	558	42	27	-15
Central	129	11	0	-11
Clinical Support Services	389	24	21	-3
Corporate	2,902	158	109	-49
Ealing	595	65	50	-15
Harrow	296	20	12	-8
Medicine	2,235	18	1	-17
Surgery and Critical Care	941	34	15	-19
Women & Children	159	13	3	-10
Unidentified	2,318	0	0	0
Grand Total	10,522	386	239	-148

Programme Phasing and Cumulative Plan and Actuals Month 1



QIPP Programme Update Month 1

Unidentified CIP has been phased in from M4 to avoid back loading the unidentified savings targets into the final 6 months (post planned merger date). Although these are phased in the final 9 months this is a significant improvement against 2013/14 where plans were profiled in the later half of the year.

As illustrated above, the in month performance against a conservative in month CIP operating plan is £239k. Demonstrating a underperformance compared to the in month operating plan.

This position is concerning given the low expectation in month regarding delivery. The main areas of under performance include Admin and Clerical savings schemes, Estates and clinical development income.

The reason for this variance is due to optimistic phasing of the Estates original plan as some larger schemes were phased in equal twelfths however following recent communication from department the full in year plan is deliverable due to greater than planned delivery against hotel services and commercial income schemes.

Due to the block contract, the coding and BPT income scheme phased in month which has contributed (£32k) to the in month adverse variance. As the knowledge regarding the Acute block contract was known post CIP plan development means that this scheme is now and risk and can only be recognised if the organisation overperforms by more than £1.5m. It should be noted that the schemes that were originally scoped to deliver this CIP have been implemented.

Steps have been taken to deliver the Nursing Agency Savings scheme however these have not as yet taken affect. Detailed work is planned with Bridget Jansen and the Nursing Efficiencies group to bring this scheme back on track.

Clinical Income and Activity

Breakdown of Clinical Income by contract type (£000s)	Annual Plan excluding CQUIN	CQUIN	Total Including cquin	Year to date Plan	Year to date Actuals	Year to date variance from plan	PbR income versus block income variance -
CCG Acute Contracts (Block 14-15)	89,146	2,229	91,375	7,522	7,537	16	212
Community Block Contracts	64,710	1,582	66,292	5,457	5,459	2	0
Other Acute Contracts	10,435	120	10,554	875	876	1	0
Community NHS England Early years contract	11,213	0	11,213	934	934	0	0
Other Community Contracts	13,978	39	14,017	1,124	1,133	9	0
Non Contracted Activity Income	2,554	0	2,554	213	221	8	0
Maternity Transitional Funding	2,600	0	2,600	217	217	0	0
Performance Bond	1,000	0	1,000	83	83	0	0
Other Contract Risks	-129	0	-129	-11	-9	2	0
Total	195,508	3,969	199,478	16,414	16,452	38	212

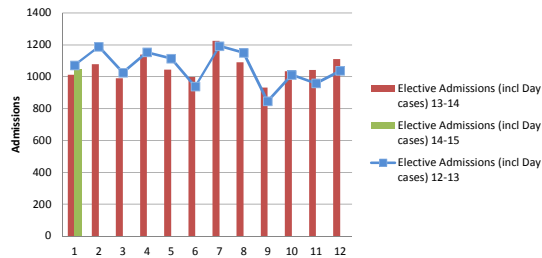
Key Messages

2014-15 Contract negotiations have been successful in that the vast majority of the acute and community contract values have been agreed with our local commissioners. Local Authority Contracts are still pending, as is the NHS England contract for Early years/immunisation services. Also some of the smaller cross border contracts have yet to be agreed. The table on the left shows the breakdown of the annual plan and the various contract types. The Acute CCG contract has been agreed on a block basis, and the monthly financial position has assumed 1/12th of this block income. The variance of £16k to the CCG acute planned income is the performance on high cost drugs which is outside the block agreement. CQUIN schemes and the allocation of the CQUIN financial values are currently being worked up and from next month the phasing of CQUIN plans will be confirmed. In month 1, we have assumed full delivery of the month 1 CQUIN plan. The acute performance bond of £1m has also been assumed at 100% delivery, and 1/12th of this has been recognised in month 1. Maternity transitional funding has been planned for £2.6m, but there is currently a difference between commissioners view of this which stands at £1.9m in the Heads of Terms. The Trust expects maternity services to continue throughout 14-15, which is contrary to commissioner view of maternity services which they assume will close in December 2014. The Trust is expecting to receive the full £2.6m of transitional relief, therefore 1/12th of this amount forms part of the financial position. CCG Acute QIPP (demand management schemes) forms part of the acute baseline, and this has been agreed at £4.5m reduction to the acute contract value. The table also shows the performance of the contract on a Payment by results basis, and at the end of month 1, there is £212k difference to the block income. The Heads of Terms stipulates if the contract overperforms by £1.5m, then the overperformance amount would be payable.

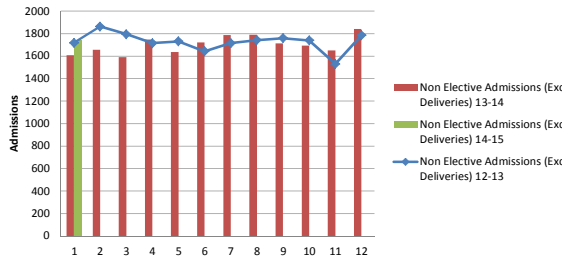
Activity Analysis - Compared to the same period last year, elective admissions are up by 3% and non elective admissions are up by 7%. Births are up by 7%. A&E attendances are down by 2%. Outpatient first attendances are up by 10% and follow ups down by 8%. Outpatient procedures are also down by 8%. GP referrals are at similar levels compared to same

Compared to an average of last year, elective admissions are down by 1% and non elective admissions are up 2%. Births are down by 7%. A&E attendances are down by 1%. Outpatient first attendances are up by 6% and follow ups down by 7% and outpatient procedures are down by 6%.

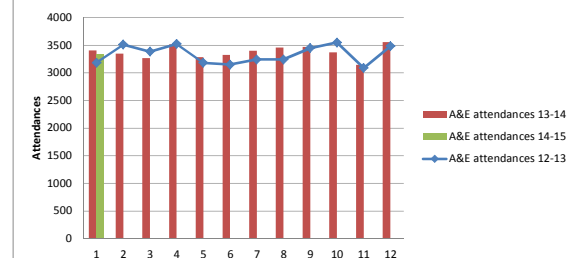
Elective Admissions



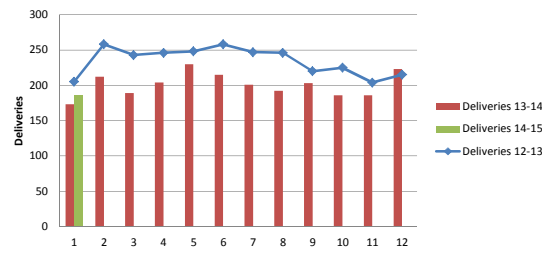
Non Elective Admissions excl Deliveries



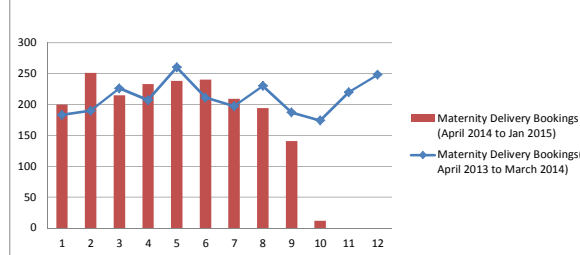
A&E Attendances



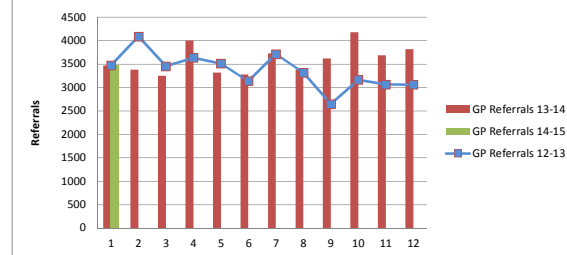
Deliveries



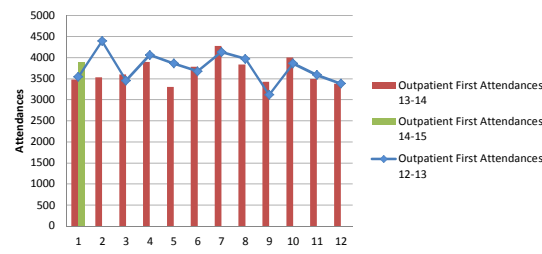
Maternity Delivery Bookings



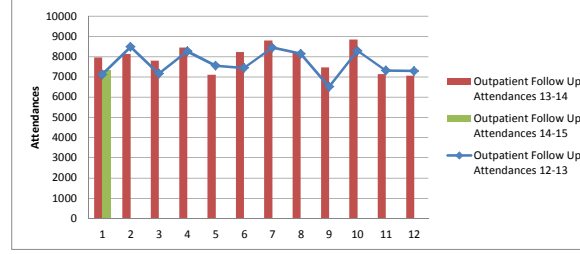
GP Referrals



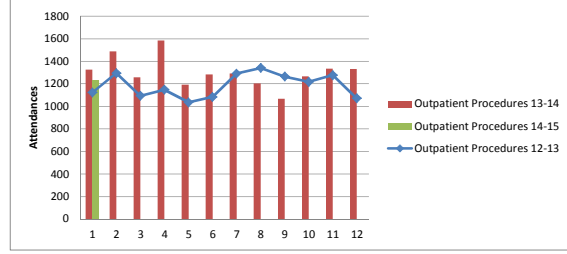
Outpatient First Attendances



Outpatient Follow Up Attendances

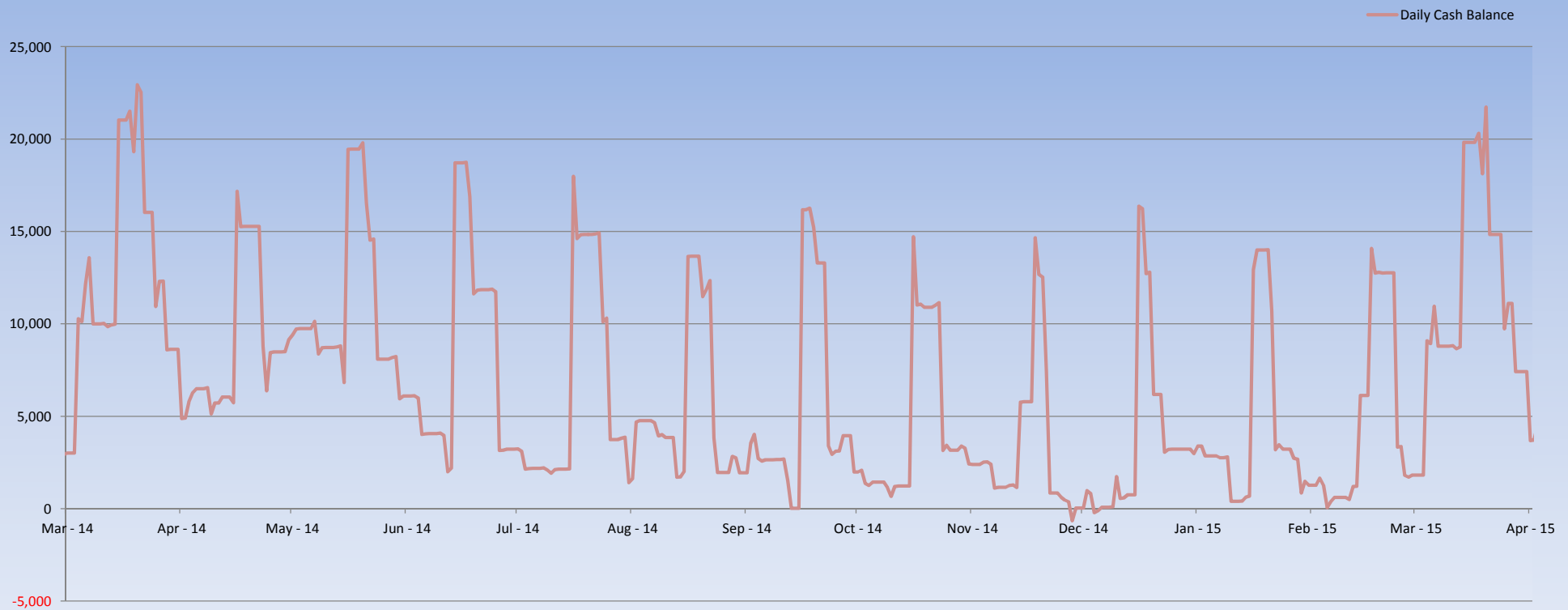


Outpatient Procedures



Finance Report Month 1 (April) 2014/15
Daily Cashflow Forecast Graph

Daily Cash Balance



The graph shows the forecast movements of cash balances on a daily basis. It highlights the receipt of SLA contract income around 15th of each of month (indicated by the peaks between £15-22m) and the reduction of cash balances between the 17th and 24th when Payroll, Tax, NI and Pensions are paid.

Finance Report Month 01 (April) 2014/15

Capital Expenditure Summary

	Directorate	Full Year Plan 2014 / 15	YTD Actual Expenditure at M01	Variance Year to Date	Rating
		£000	£000	£000	
Summary Capital Expenditure by Type					
Maintenance	All	1,862	268	1,594	GREEN
Equipment	All	702	0	702	GREEN
Information Technology	All	3,080	0	3,080	GREEN
Contingency	All	100	17	83	GREEN
Over commitment to be managed through Slippage	All	-473	0	-473	RED
Total		5,271	285	4,986	GREEN
CRL			5,271		
Under/(Over) spend against CRL			4,986		

Actual spend against CRL
RAG

5.41%

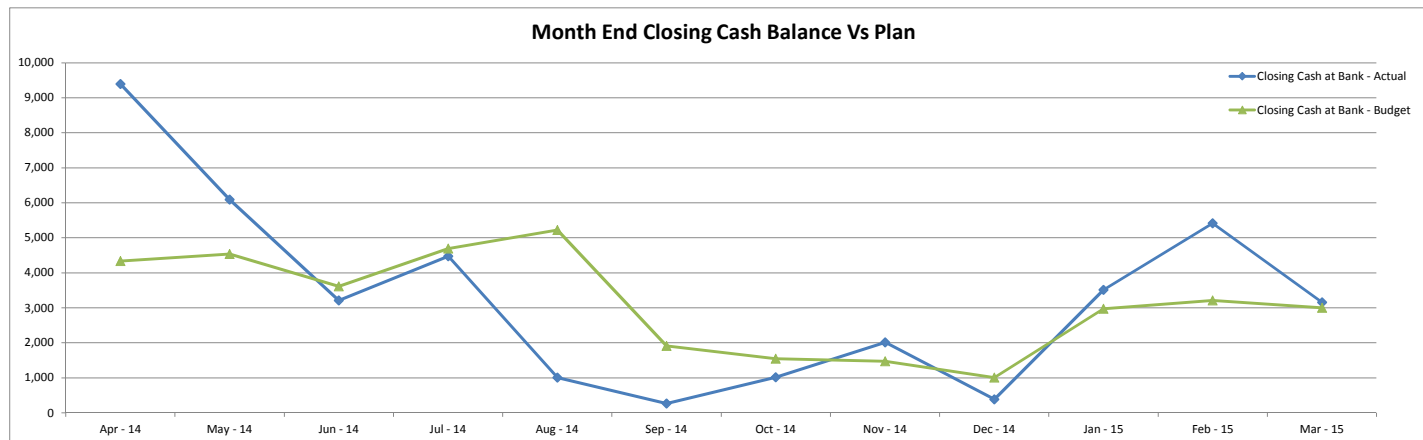
GREEN

Key Messages		<p>At the time of writing, the Capital Group has agreed a plan for 2014/15 of £5.271m, which it will propose to the Finance, Investment and Estates Committee in May, with recommendation to the Board to approve the plan.</p> <p>Month 1 expenditure of £285k is predominantly related to completion of 13/14 schemes for the Estates Directorate.</p>
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Finance Report Month 1 (April) 2014/15
Monthly Cash Flow Forecast

Description	2014 / 2015												Total
	Apr - 14	May - 14	Jun - 14	Jul - 14	Aug - 14	Sep - 14	Oct - 14	Nov - 14	Dec - 14	Jan - 15	Feb - 15	Mar - 15	
Opening Cash at Bank	4,881	9,389	6,091	3,212	4,468	1,009	263	1,018	2,013	383	3,515	5,410	4,881
RECEIPTS:													
NHS Income	19,210	16,449	16,793	20,793	16,793	17,593	21,293	17,293	17,293	20,793	16,793	16,965	218,061
Non NHS Income	2,249	833	833	833	833	1,133	1,132	1,132	832	832	532	532	11,706
Revenue Supprt Loan	0	0	0	0	0	1,500	0	2,000	0	4,000	4,000	2,176	13,676
PAYMENTS:													
Payroll Costs	(9,486)	(12,500)	(12,500)	(12,650)	(12,500)	(12,650)	(12,500)	(12,500)	(12,650)	(12,500)	(12,500)	(12,650)	(147,586)
Creditor Payments	(7,306)	(7,630)	(7,630)	(7,130)	(8,130)	(5,330)	(8,630)	(6,630)	(6,630)	(8,630)	(6,630)	(6,630)	(86,936)
Capital Payments	(159)	(450)	(375)	(590)	(300)	(808)	(540)	(300)	(475)	(1,363)	(300)	(529)	(6,189)
PDC & DH Loan Payments	0	0	0	0	(155)	(2,184)	0	0	0	0	0	(2,117)	(4,456)
Closing Cash at Bank - Actual	9,389	6,091	3,212	4,468	1,009	263	1,018	2,013	383	3,515	5,410	3,157	3,157
Closing Cash at Bank - Budget	4,337	4,534	3,612	4,690	5,220	1,908	1,547	1,474	1,002	2,975	3,210	2,999	

Description	YTD Actual £000	YTD Plan £000	Variance	Key Message	The YTD variance of £5,052k mainly relates to Employer's Pension and National Insurance Contribution payments perpaid to HMRC in March. The Trust is forecasting meeting the EFL target in 2014 / 2015.
Opening Cash at Bank	4,881	4,881	0		
RECEIPTS:					
NHS Income	19,210	18,210	1,000		
Non NHS Income	2,249	1,549	700		
Revenue Support Loan	0	0	0		
PAYMENTS:					
Payroll Costs	(9,486)	(12,940)	3,454		
Creditor Payments	(7,306)	(7,204)	(102)		
Capital Payments	(159)	(159)	0		
PDC & DH Loan Payments	0	0	0		
Closing Cash	9,388	4,337	5,052		



Finance Report Month 1 (April) 2014/15
Balance Sheet

£'000



Current Month		Analysis of balances in month					Total	
Fixed Assets	127,053	→	Open 127,149	Additions 285	Depn (381)	Disposal 0	Impairment/Revaluation 0	127,053
Stock	2,487	→	Drugs 804	Other 1,683				2,487
Debtors	23,395	→	Trade 4,974	NHS 15,017	Prepay 1,912	Accruals 1,492		23,395
Cash	9,389							
Current Liabilities	(36,231)	→	Trade (12,637)	NHS (4,604)	Deferred Inc (2,677)	Accruals (15,694)	Provisions (619)	(36,231)
Net Current Assets	126,093							
Long Term Liabilities								
Provisions	(1,643)							
DH Capital Loan	(1,545)							
Non Interest Bearing Loan	(155)							
Net Assets	122,750							
Public Dividend Capital	53,340	→	Open 53,340	Rec'd 0	Paid 0			53,340
Revaluation Reserve	42,482	→	42,482	0	0			42,482
I&E Reserve	26,928	→	28,390	(1,462)	0			26,928
Taxpayer's Equity	122,750							

Debtor Analysis (over £50k) £'000				
Debtor	0-30	31-90	90+	Total
North West London Hospital NHS Trust	224	169	381	774
Overseas Visitors	0	3	322	325
NHS Ealing CCG	828	2,595	253	3,676
NHS Brent CCG	1,624	213	240	2,077
NHS Barnet CCG	201	8	181	390
NHS Hammersmith And Fulham CCG	100	222	167	489
NHS Central London (Westminster) CCG	35	21	130	186
NHS Harrow CCG	14	1,018	87	1,119
NHS Hounslow CCG	512	79	84	675
Imperial College Healthcare NHS Trust	43	33	80	156
West London Mental Health NHS Trust	67	3	69	139
NHS Hillingdon CCG	421	130	40	591
NHS West London (K&C) CCG	49	47	21	117
NHS Camden CCG	36	12	11	59
NHS Commissioning Board	2,125	0	0	2,125
Vision(Office Automation) Ltd	399	0	0	399
London Borough Of Ealing	150	0	0	150
The MWH Practice	0	185	0	185
NHS Newham CCG	61	20	0	81
St John Primary School	72	0	0	72
Livingcare Medical Services Ltd	0	67	0	67
Total Debtors (over £50k)	6,961	4,825	2,066	13,852

Over 90 days debtors currently stand at £2.06m or 15%. Over 90 days Overseas visitors debts stands at £322k.

Significant outstanding bills relate to AQP Audiology for Ealing CCG (143k), MSK Enhanced Services (£68k), Paeds Audiology (£50k) for Brent CCG, Community Block contract 2013/14 (£147k) for NHS Barnet. The Trust continues to pursue this debt and is in dialogue with the respective organisations to resolve outstanding issues.