

TRUST BOARD

Title:	Finance Performance at Month 4 - 2018/19
Action:	FOR DISCUSSION
Meeting:	12 September 2018

Purpose:

This paper reports the financial performance to Month 4 2018/19 and highlights key messages to bring to the Board's attention.

- The Trust delivered an in month operating surplus of £178k for Month 3 and £178k for Month 4.
- The cumulative position to Month 2 is a £709k surplus.
- The cash balance at 31 July 2018 was £9.1m.
- The Use of Resources (UOR) Metric continues to be level 1 for the reporting period.
- The Trust's Cost Improvement Plan (CIP) delivered savings of £0.414m over months 3 and 4, giving a total achievement of £0.822m for the financial year against planned schemes of £0.823k.
- Board Risks impacted by the information included in this report are 2257 – risk to maintaining financial sustainability and 2610 - performance against savings the 2018/19 target.

Recommendation:

The Trust Board is asked to discuss and note the information contained within the report and to accept the findings included in the finance report.

	Name	Title
Author:	Paul Spencer	Head of Statutory Accounting
Executive sponsor:	Mark Robbins	Director of Finance and Resources

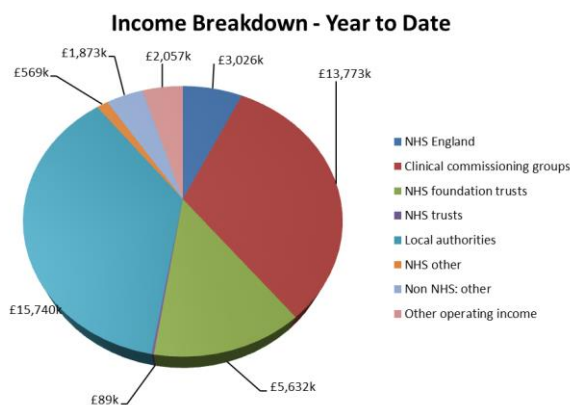
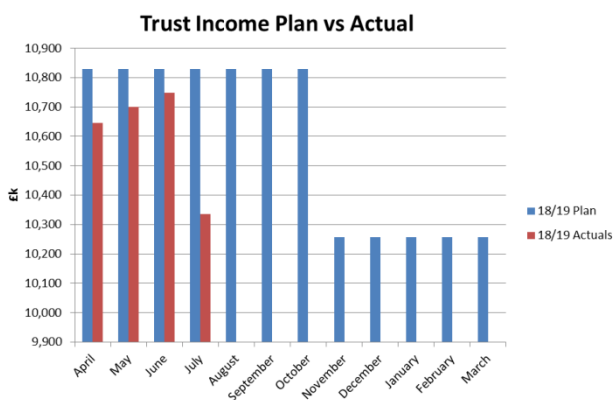
1. Executive Summary

1.1 Key Messages for the Trust's financial performance for Month 4:

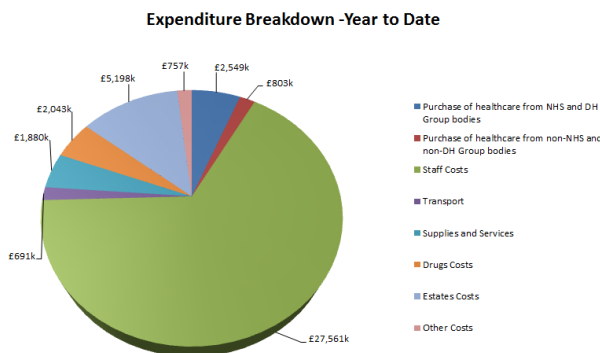
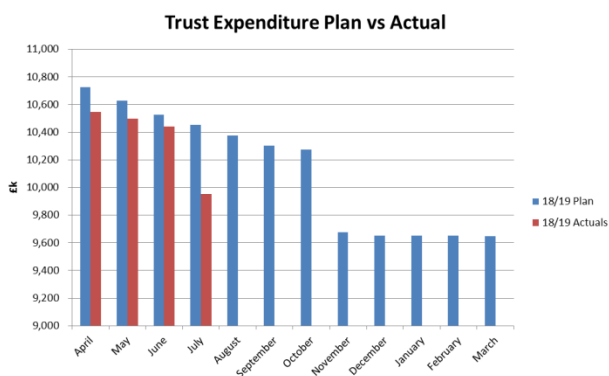
- The Trust delivered an in month operating surplus of £178k for Month 3 and £178k for Month 4, against a planned surplus of £176k and £176k respectively.
- The cumulative position in Month 4 is a £709k surplus, against a year to date plan of £704k.
- The cash balance at 31 July 2018 was £9.2m.
- The Use of Resources (UOR) Metric continues to be level 1 for the reporting period.
- The Trust's Cost Improvement Plan (CIP) delivered savings of £0.414m over months 3 and 4, giving a total achievement of £0.822m for the financial year against planned schemes of £0.823k. CIP performance is a Board Risk number 2610.

2. Trust Wide Financial Performance for Month 4 2018/19

2.1 Income



2.2 Expenditure



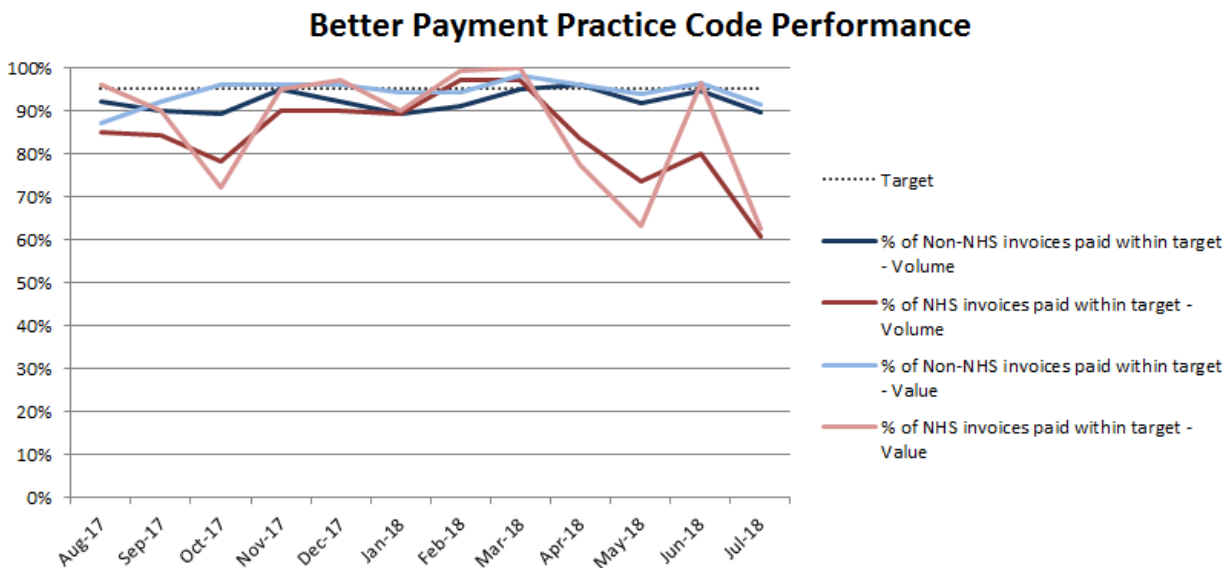
Trust expenditure is lower than expected due to savings in Bedfordshire and Luton services as a result of vacancies. Income is lower than expected due to agreement with Norfolk County Council that the reward payment for six months in 2017/18 and the current financial year will not be claimed.

2.3 Cash Balance



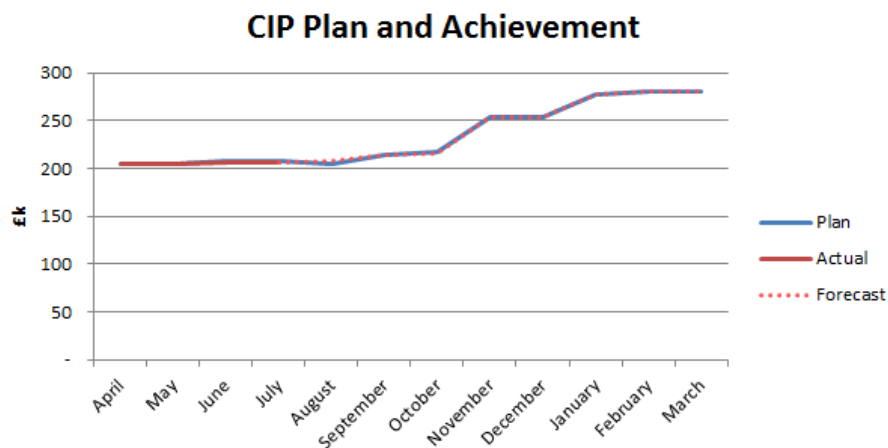
The cash balance of £9.0m at Month 4 represents an overall increase of £2.3m from the Month 3 cash balance. The movement over the period was due to a payment from NHS England for the 2017/18 STF payment of £1.555m. This was accounted for in 2017/18 and has no impact on the Trust's Statement of Comprehensive Income position.

2.4 Better Payment Practice Code



The average in month prompt payments results across the four categories was 92% in Month 3 and 76% in Month 4. In Month 3, the Trust achieved 96% for Non-NHS and NHS invoices by value. NHS performance has temporarily decreased due to the resolution and processing of invoices which were over six months old. The team has been working with the relevant NHS Trust to resolve and to ensure an improved invoice pathway going forward. The overall Trust average across the four categories for the last 12 months has remained at 89%. The Finance team will continue to work closely with the teams and services to ensure all invoices are processed promptly.

2.5 Cost Improvement (CIP)



The Trust's 2018/19 Cost Improvement Plans (CIP's) have delivered cumulative savings in the financial year of £0.822m against a target of £0.823m. The Trust has identified schemes to deliver £2.358m of the annual savings target of £2.803m. Due to the Trust under delivering on CIP in 2017/18, the Trust is expected to deliver £3.356m to make up for this shortfall. Including the schemes identified for 2018/19, further schemes have been identified to achieve savings of £2.912m.

2.6 Capital Spend

	18/19 Annual Estates Plan	18/19 Cost	18/19 Commitment
All Sites	£270k	-	-
Bedford	£229k	£95k	£205k
Bid Success	£50k	-	-
Brookfield HC	£50k	-	-
Brookfield Hosp	£270k	£1k	£87k
Doddington	£100k	-	-
Hinchingbrooke	£50k	-	£50k
Luton	£25k	-	-
Midgate DAC	£10k	-	-
North Cambs	£1,439k	£143k	£701k
Oak Tree	£185k	-	-
Peterborough	£356k	£355k	£360k
POW	£50k	-	-
Ramsey Rd Clinic	£50k	-	-
Dental Xray Equipment	£125k	-	-
Equipment Replacement	£167k	-	-
IT Infrastructure	£42k	-	-
Grand Total (net)	£3,467k	£594k	£1,403k

The capital project at Rivergate in Peterborough is nearing completion and the service will become operational from early August. The project at North Cambs Hospital in Wisbech and Dunstable Health Centre are now both underway.

3. Finance Scorecard

Finance Dashboard - Month 4	Section in Report	Plan 31/07/18	Actual 31/07/18	Variance 31/07/18
Operating income from patient care activities	2.1	£41,568k	£40,702k	(£866k)
Other operating income	2.1	£2,075k	£2,057k	(£18k)
Employee expenses	2.2	£28,296k	£27,543k	(£753k)
Operating expenses excluding employee expenses	2.2	£14,075k	£13,939k	(£136k)
Trust Surplus/(Deficit)		£1,272k	£1,277k	£5k
Closing Cash Balance	2.3	£7,206k	£9,021k	£1,815k
Cost Improvement Plan (CIP)	2.5	£823k	£822k	(£1k)
Capital Programme	2.6	£1,894k	£690k	£1,204k
Use of Resources Metric	4.3	1	1	-
Agency Spend	4.5	£896k	£485k	£411k
Bank Spend	4.6	£368k	£369k	£1k
Sustainability & Transformation Funding (STF)		£327k	£327k	£0k

4. Summary of Financial Performance

4.1 Net Income & Expenditure

Division Level	Jul-18					
	Income £'000	Pay £'000	Non-Pay £'000	Net Total £'000	Net Budget £'000	Variance £'000
Ambulatory Care Services	498	(5,825)	(3,417)	(8,744)	(8,809)	65
Bedfordshire Community Unit	260	(3,830)	(716)	(4,286)	(4,595)	309
Childrens & Younger Peoples Services	852	(10,304)	(1,439)	(10,891)	(11,065)	174
Luton Community Unit	253	(5,437)	(1,061)	(6,246)	(6,481)	235
Other Services						
- Contract Income & Reserves	37,067	(42)	(2,702)	34,323	34,611	(289)
- Corporate Services	2,047	(2,061)	(3,087)	(3,101)	(2,803)	(298)
- Health Centres	1,782	(60)	(2,068)	(345)	(154)	(191)
CCS Total @ 31 July 2018	42,759	(27,560)	(14,489)	710	705	5

Ambulatory Care Services

- In month 3 the division was £4k overspent and in month 4 delivered a £3k overspend, giving a cumulative underspend of £66k.
- Adult Services, Bedford had a £28k underspend in month 3 and a £2k underspend in month 4, giving a cumulative underspend of £41k. The current position was due to vacancies in the service.
- Dental Service had a £7k underspend in month 3 and a £1k underspend in month 4, giving a cumulative breakeven position. The current position was due to additional income offsetting establishment and Non Pay cost pressures.
- The MSK Service had a £13k underspend in month 3 and a £5k overspend in month 4 to give a cumulative underspend of £30k. The underspend was due to establishment savings.
- The Sexual Health Service had a £28k overspend in month 3 and a £19k underspend in month 4, giving a cumulative underspend of £11k. The underspend is due to establishment savings in Beds and additional income in Suffolk counteracting Non-Pay pressures in Cambs and Norfolk.
- Other areas in the division had immaterial variances in month.

Bedfordshire Community Unit

- In month 3 the division had an overspend of £75k and in month 4 an underspend of £237k, giving a cumulative underspend of £309k.
- Both Healthy Child Programme and Specialist Children's Services had establishment savings across a range of the services.

Children's & Younger Peoples Services

- The Children's & Younger Peoples Services had an underspend of £76k in month 3 and a £23k underspend in month 4, giving a cumulative underspend of £174k.
- In month 3, Healthy Child Programme (HCP) Cambs underspent by £86k due to establishment and Non-Pay savings, Acute Services overspent by £46k and Specialist Services had an overspend of £13k both due to establishment pressures, HCP Norfolk underspent by £24k due to establishment savings and Flu and Immunisation Service had an overspend of £1k due to establishment pressures. In month 4 this trend continued for HCP Cambs with an underspend of £80k, Acute services with an overspend of £63k, Specialist Services had a underspend of £13k, Norfolk HCP achieved its budget position and Flu and Immunisation Service had an overspend of £8k.

Luton Community Unit (including Luton Children's Services)

- In month 3 the division had an underspend of £63k and in month 4 the underspend was £69k, giving a cumulative underspend of £235k.
- The Luton Community Unit (excluding Children's Services) had a month 3 underspend of £38k and a month 4 underspend of £34k, giving a cumulative underspend of £125k. This was primarily due to establishment savings in District Nursing and Cancer and Palliative Care.
- The Luton Childrens Services had an underspend of £25k in month 3 and an underspend of £36k in month 4, giving a cumulative underspend of £111k.
- The cumulative underspend position in Childrens Services is primarily due to establishment savings in Health Visiting and School Nursing.

Other Services

- Other Services had a month 4 overspend of £327k and a cumulative overspend of £779k. This is due to Health Centre, estates and IT costs.

4.2 CIP Dashboard

OVERALL STATUS AS AT :

Month 4 - July 2018

TARGET (£'000)

3,303

PLAN

	FYE (£'000s)	PYE (£'000s)
18/19 IDENTIFIED SCHEMES :	2,912	2,358
18/19 UNIDENTIFIED SCHEMES	445	445
TOTAL PLAN	3,356	2,803

Note: Includes £303k c/fwd schemes

DELIVERED (YTD)

PLANNED SAVINGS YTD (£000):	SAVINGS DELIVERED YTD (£000):
823	822

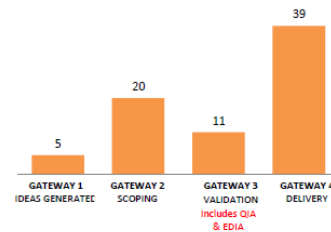
VARIANCE FROM TARGET (£'000s): -1

VARIANCE FROM TARGET (%): 0%

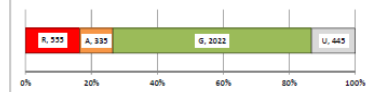
SCHEMES

TOTAL NO. OF SCHEMES = 74

NO. OF SCHEMES BY GATEWAY



DELIVERY CONFIDENCE RAG RATING - SCHEME VALUE FYE (£000s)



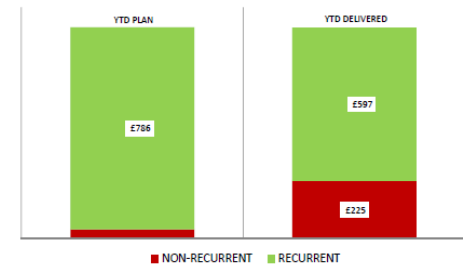
RED = Successful delivery of the savings appears to be in doubt or unachievable

AMBER = Delivery appears feasible however constant attention needed/Delivery of planned savings is affected - either the total sum or the phasing.

GREEN = Successful delivery of the savings within the planned timeframe appears highly likely

GREY = Unidentified schemes, part of target

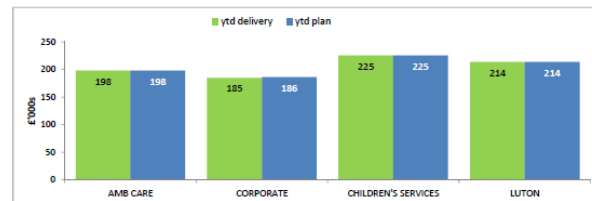
PLAN VS ACTUAL



PLANNED SAVINGS PROFILE (£'000)



SERVICE AREA



4.3 Use of Resources (UOR)

The Single Oversight Framework (SOF) sets out the NHS Improvement's approach to overseeing NHS providers. The SOF assesses the financial performance of providers via the "Use of Resources Metrics (UOR)" comprising the following five metrics:

- Liquidity Ratio
- Capital Servicing Capacity
- I&E Margin
- I&E Distance from Plan
- Agency

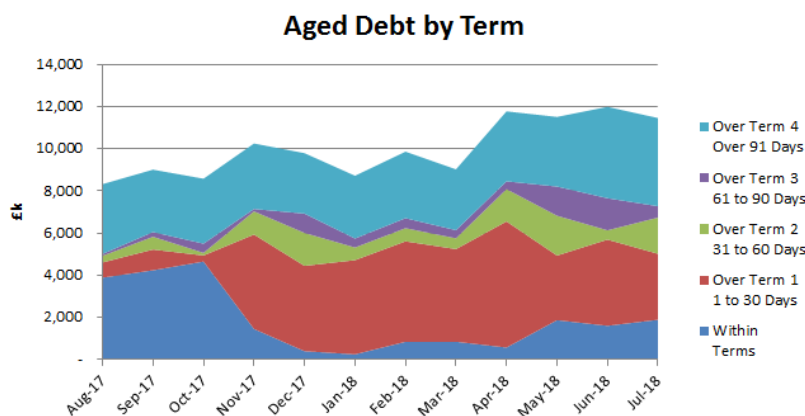
The table below illustrates the Trust's current score (please note the rating is 1 - 4, with 1 being the highest rating). The Trust is currently achieving a 1 rating in all metrics.

(1) Liquidity Ratio	1
(2) Capital Servicing Capacity	1
(3) I&E Margin	1
(4) I&E Margin Distance from Plan	1
(5) Agency	1
Use Of Resources Rating	1

4.4 Statement of Financial Position

	July 2018 £'000	May 2018 £'000
Non-Current Assets		
Property, plant and equipment	51,363	51,271
Intangible assets	185	185
Total non-current assets	51,548	51,456
Current assets		
Inventories	41	41
Trade and other receivables	15,035	16,220
Cash and cash equivalents	9,025	7,538
Total current assets	24,101	23,799
Total assets	75,649	75,255
Current liabilities		
Trade and other payables	(14,136)	(14,139)
Provisions	(449)	(449)
Total current liabilities	(14,585)	(14,588)
Net current assets	9,516	9,211
Total assets less current liabilities	61,064	60,667
Non-current liabilities		
Trade and other payables	(1,045)	(1,045)
Provisions	(1,844)	(1,803)
Total non-current liabilities	(2,889)	(2,848)
Total assets employed	58,175	57,819
Financed by taxpayers' equity:		
Public dividend capital	2,107	2,107
Retained earnings	38,950	38,594
Revaluation Reserve	18,771	18,771
Merger Reserve	(1,653)	(1,653)
Total Taxpayers' Equity	58,175	57,819

Trade and other receivables have decreased over the reporting period by £1.2m. Trade and other payables have remained consistent over the reporting period. The imbalance in the decrease of receivables and payables has resulted in an increase in cash position over the reporting period.



Total trade receivables increased by £0.5m in June to £12.0m and then decreased by £0.5m in July to £11.5m. The breakdown in July is £4.5m (39%) from NHS organisations; £6.2m (53%) from Local Authorities; and £0.8m (7%) from other parties.

Of the receivables over terms, the main organisations contributing to the balances are:-

Cambridgeshire County Council	£2.4m
Norfolk County Council	£1.9m
Cambridgeshire and Pboro NHSFT	£0.5m
Cambridge University Hospitals FT	£0.5m

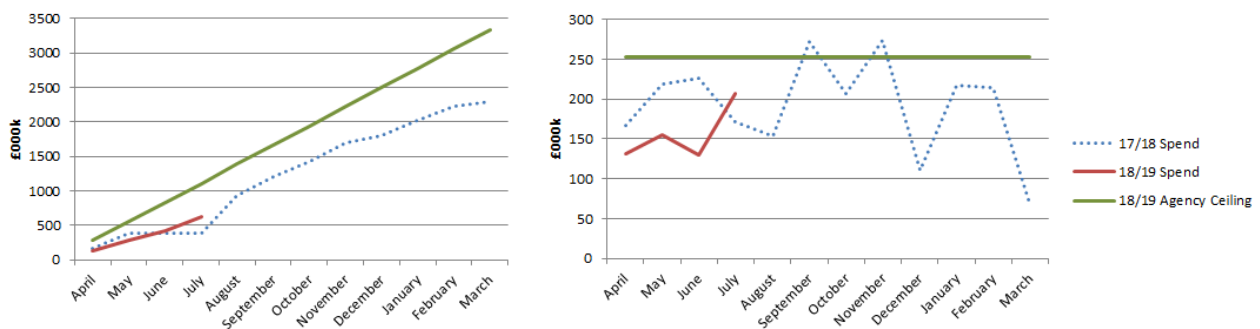
For the debt over 90 days old, as this is predominantly due from NHS and Local Authority bodies it is not deemed necessary to raise a Provision against these balances as the risk of non-recovery is low. After this reporting period (Month 4), Norfolk County Council have subsequently paid £1.8m reducing their outstanding balance. Cambridgeshire County Council continues to be chased to ensure prompt settlement of their outstanding debt. £1.2m was received in July to reduce the amount owed.

4.5 Agency Ceiling

The Trust's agency spend ceiling for 2018/19 totals £3,040k, which is a reduction from 2017/18's ceiling of £3,332k.

The Trust's cumulative agency spend to Month 4 is £624k and was £784k at Month 4 in 2017/18.

The tables below illustrate the monthly cumulative and actual performance of total agency spend.



4.6 Use of Bank Staff

To assist the Trust to remain within the agency spend ceiling, the services have the availability of bank staff to fill short term staffing pressures. Bank spend has been steadily increasing and remains higher than 2017/18, with cumulative spend to Month 4 totalling £369k.

The table below illustrates the Trust's monthly bank spend.

