

## TRUST BOARD

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Title:	<b>Finance Performance at Month 2 - 2018/19</b>
Action:	<b>FOR DISCUSSION</b>
Meeting:	<b>11 July 2018</b>

### Purpose:

This paper reports the financial performance to Month 2 2018/19 and highlights key messages to bring to the Board's attention.

- The Trust delivered an in month operating surplus of £176k for Month 1 and £178k for Month 2.
- The cumulative position to Month 2 is a £354k surplus.
- The cash balance at 31 May 2018 was £7.5m.
- 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 £0.204m in month 2 and £0.408m for the financial year against planned schemes totalling £0.408k.

### 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



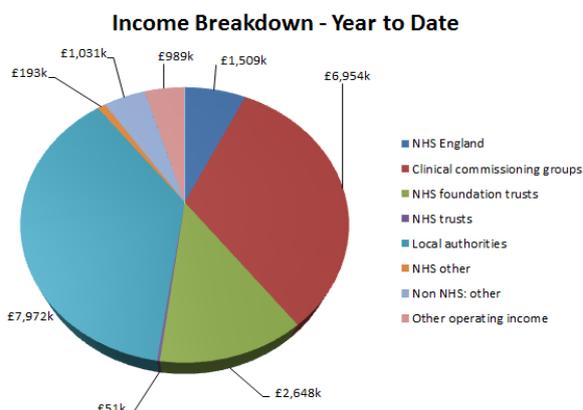
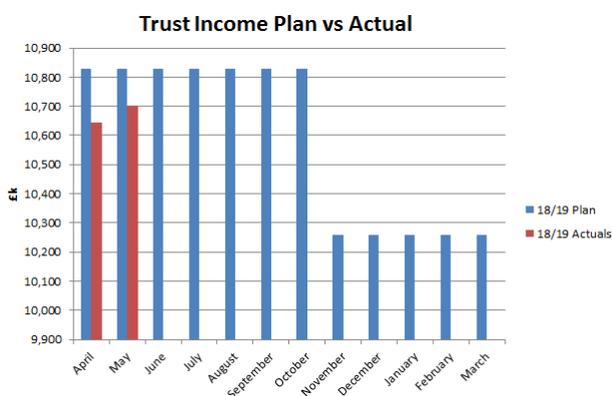
# 1. Executive Summary

## 1.1 Key Messages for the Trust's financial performance for Month 2:

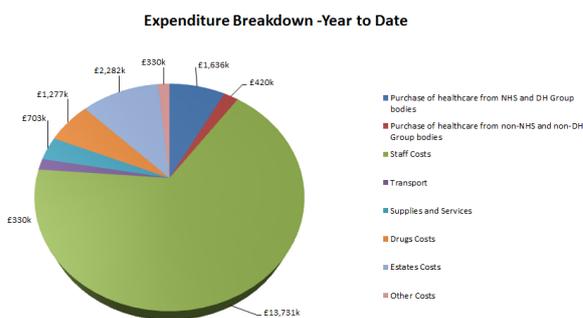
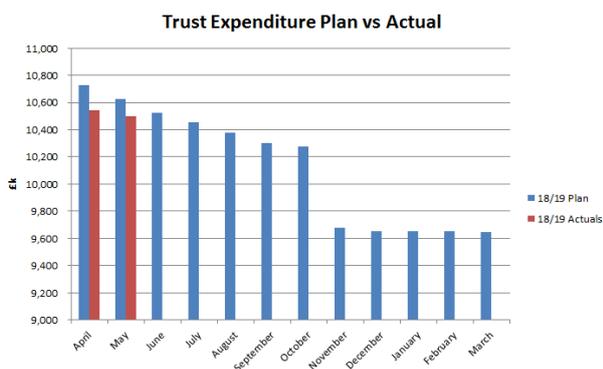
- The Trust delivered an in month operating surplus of £176k for Month 1 and £178k for Month 2, against a planned surplus of £176k and £176k respectively.
- The cumulative position in Month 2 is a £354k surplus, against a year to date plan of £352k.
- The cash balance at 31 May 2018 was £7.5m.
- The Use of Resources (UOR) Metric continues to be level 1 for the reporting period.
- The Trust's Cost Improvement Plan (CIP) delivered savings of £0.204m in month 2 and £0.408m for the financial year to date.

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

## 2.1 Income



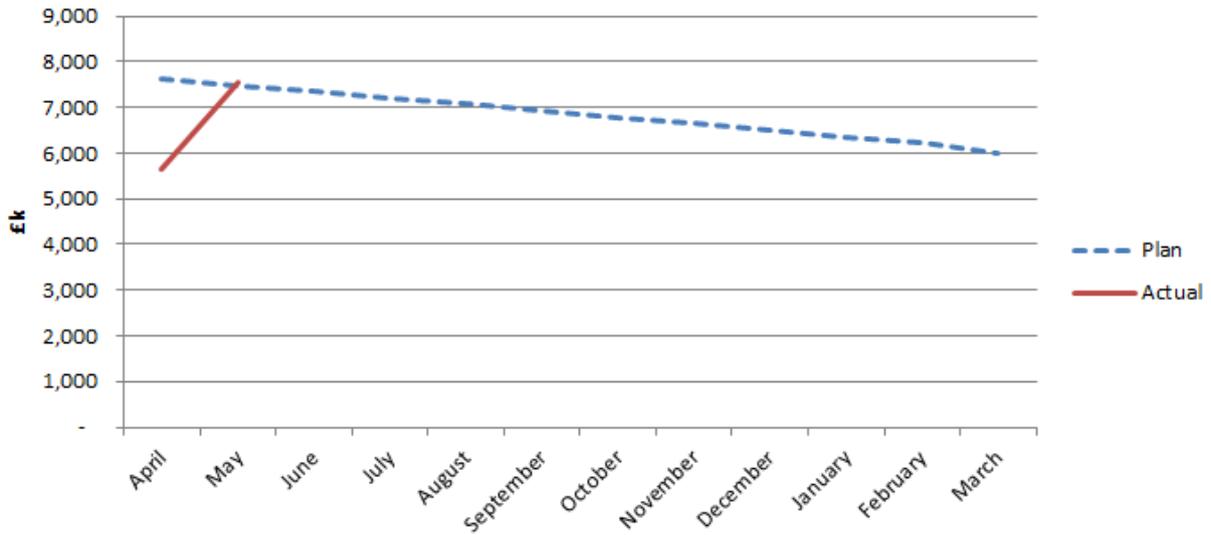
## 2.2 Expenditure



Trust expenditure is lower than expect due to lower than expected staff costs, with savings in Bedfordshire and Luton services due to vacancies.

### 2.3 Cash Balance

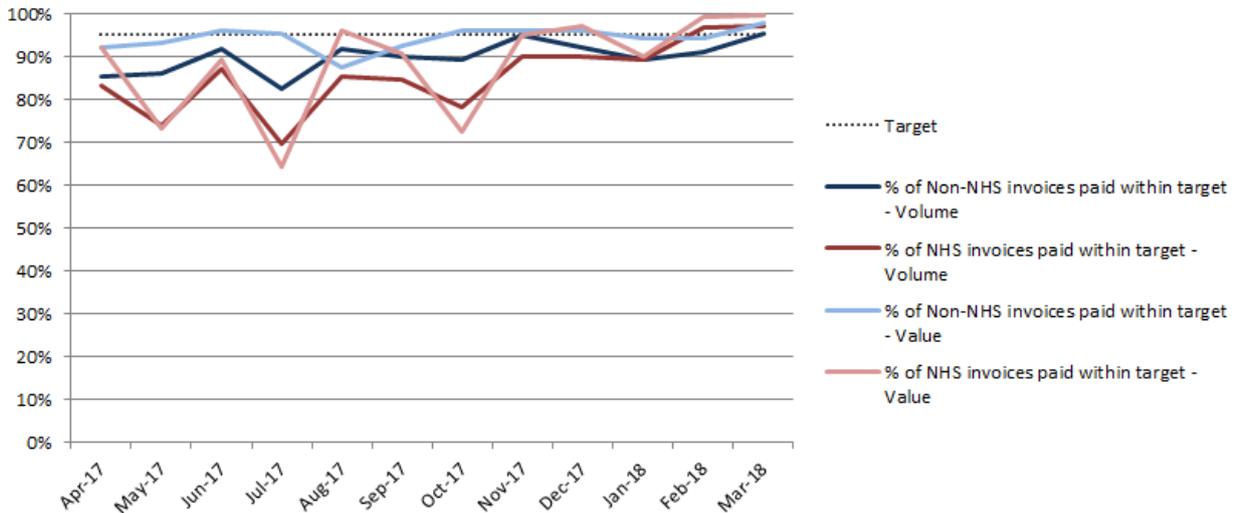
#### Closing Cash Position



The cash balance of £7.5m at Month 2 represents an overall increase of £1.9m from the Month 1 cash balance. The movement over the period was due to a payment from Norfolk County Council paying both their April and May SLA invoices in May.

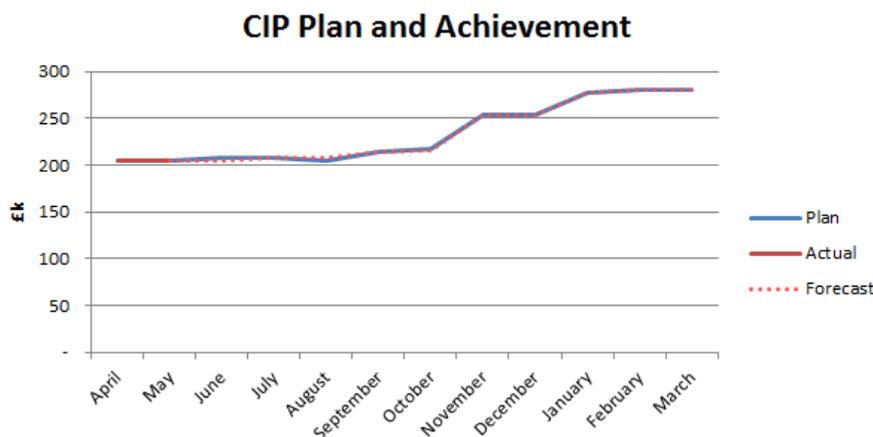
### 2.4 Better Payment Practice Code

#### Better Payment Practice Code Performance



The average in month prompt payments results across the four categories was 88% in Month 1 and 80% in Month 2. In Month 2, the Trust achieved 93% for Non-NHS and 68% for NHS invoices. Due to the year end agreement of balances exercise, NHS performance has temporarily decreased and is expected to improve in coming months. 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 £0.408m against a target of £0.408m. 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	-	£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	-	£701k
Oak Tree	£185k	-	-
Peterborough	£356k	£152k	£340k
POW	£50k	-	-
Ramsey Rd Clinic	£50k	-	-
Dental Xray Equipment	£125k	-	-
Equipment Replacement	£167k	-	-
IT Infrastructure	£42k	-	-
<b>Grand Total (net)</b>	<b>£3,467k</b>	<b>£153k</b>	<b>£1,333k</b>

The capital project at Rivergate in Peterborough is nearing completion and the project at North Cambs Hospital in Wisbech and Dunstable Health Centre are in early phases.

### 3. Finance Scorecard

Finance Dashboard - Month 2	Section in Report	Plan 31/05/18	Actual 31/05/18	Variance 31/05/18
Operating income from patient care activities	2.1	£20,784k	£20,358k	(£426k)
Other operating income	2.1	£1,024k	£989k	(£35k)
Employee expenses	2.2	£14,148k	£13,722k	(£426k)
Operating expenses excluding employee expenses	2.2	£7,024k	£6,987k	(£37k)
Trust Surplus/(Deficit)		£352k	£354k	£2k
Closing Cash Balance	2.3	£7,488k	£7,534k	£46k
Cost Improvement Plan (CIP)	2.5	£408k	£408k	£0k
Capital Programme	2.6	£1,032k	£182k	£850k
Use of Resources Metric	4.3	1	1	-
Agency Spend	4.5	£448k	£288k	£160k
Bank Spend	4.6	£184k	£201k	£17k
Sustainability & Transformation Funding (STF)		£150k	£150k	£0k

### 4. Summary of Financial Performance

#### 4.1 Net Income & Expenditure

Division Level	May-18					
	Income £'000	Pay £'000	Non-Pay £'000	Net Total £'000	Net Budget £'000	Variance £'000
Ambulatory Care Services	249	(2,923)	(1,640)	(4,314)	(4,388)	74
Bedfordshire Community Unit	67	(1,888)	(357)	(2,178)	(2,318)	140
Childrens & Younger Peoples Services	419	(5,161)	(697)	(5,439)	(5,515)	76
Luton Community Unit	119	(2,711)	(566)	(3,158)	(3,261)	103
Other Services						
- Contract Income & Reserves	18,571	(18)	(1,673)	16,880	17,325	(445)
- Corporate Services	1,043	(1,001)	(1,359)	(1,317)	(1,401)	84
- Health Centres	880	(27)	(972)	(119)	(89)	(30)
<b>CCS Total @ 31 May 2018</b>	<b>21,348</b>	<b>(13,729)</b>	<b>(7,264)</b>	<b>355</b>	<b>353</b>	<b>2</b>

#### Ambulatory Care Services

- In month 1 the division was £42k underspent and in month 2 delivered a £32k underspend, giving a cumulative underspend of £74k.
- Adult Services, Bedford had a £7k underspend in month 1 and a £4k underspend in month 2, giving a cumulative underspend of £11k. The current position is due to vacancies in the service.
- Dental Service had a £4k underspend in month 1 and a £11k overspend in month 2, giving a cumulative overspend of £7k. The current position is due to establishment cost pressures and agency usage.
- The MSK Service had a £21k underspend in month 1 and a £1k underspend in month 2 to give a cumulative underspend of £22k. The underspend is due to establishment savings and Non-Pay savings.
- The Sexual Health Service had a £4k underspend in month 1 and a £23k underspend in month 2, giving a cumulative underspend of £27k. The underspend is due to establishment and Non-Pay savings and in Beds offsetting Non-Pay pressures in Cambs and Norfolk.
- Other areas in the division had immaterial variances in month.

## Bedfordshire Community Unit

- In month 1 the division had an underspend of £56k and in month 2 the underspend was £84k, giving a cumulative underspend of £140k.
- Both Healthy Child Programme and Specialist Childrens Services had establishment savings across a range of the services.

## Children's & Younger Peoples Services

- The Childrens & Younger Peoples Services had an underspend of £58k in month 1 and a £16k underspend in month 2, giving a cumulative underspend of £74k.
- In month 1, Healthy Child Programme (HCP) Cambs underspent by £87k due to establishment and Non-Pay savings, Acute Services overspent by £30k due to establishment pressures, Specialist Services had an overspend of £3k due to establishment pressures, HCP Norfolk underspent by £16k due to establishment savings and Flu and Immunisation Service had an overspend of £10k due to establishment pressures. In month 2 this trend continued for HCP Cambs with an underspend of £81k, Acute services with an overspend of £68k, Specialist Services had a overspend of £9k, HCP Norfolk had an underspend of £12k and Flu and Immunisation Service had an overspend of £1k.

## Luton Community Unit (including Luton Children's Services)

- In month 1 the division had an overspend of £48k and in month 2 the overspend was £55k, giving a cumulative underspend of £103k.
- The Luton Community Unit (excluding Children's Services) had a month 1 underspend of £29k and a month 2 underspend of £25k, giving a cumulative underspend of £54k. This was primarily due to establishment savings in District Nursing.
- The Luton Children's Services had an underspend of £19k in month 1 and an underspend of £31k in month 2, giving a cumulative underspend of £50k.
- The cumulative underspend position in Children's Services is primarily due to establishment savings in Health Visiting.

## Other Services

- Other Services had a month 2 overspend of £148k and a cumulative overspend of £389k. This is due to estates and IT costs.

## 4.2 CIP Dashboard

OVERALL STATUS AS AT :

Month 2 - May 2018

TARGET (£'000)

3,303

PLAN

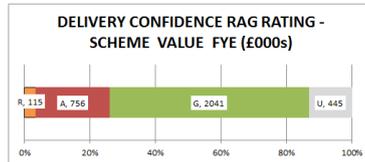
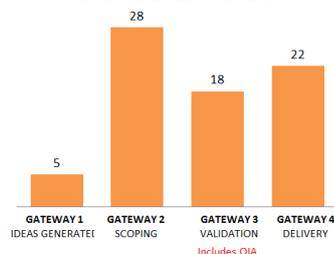
	FYE (£'000s)	PYE (£'000s)
18/19 IDENTIFIED SCHEMES :	2,912	2,358
18/19 UNIDENTIFIED SCHEMES	445	445
TOTAL PLAN	3,356	2,803

Note: includes £303k c/fwd schemes

SCHEMES

TOTAL NO. OF SCHEMES = 72

NO. OF SCHEMES BY GATEWAY



**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

DELIVERED (YTD)

PLANNED SAVINGS YTD (£000):

408

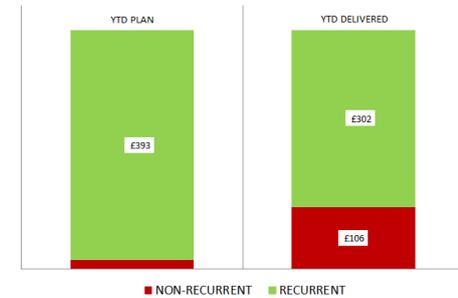
SAVINGS DELIVERED YTD (£000):

408

VARIANCE FROM TARGET (£'000): 0

VARIANCE FROM TARGET (%): 0%

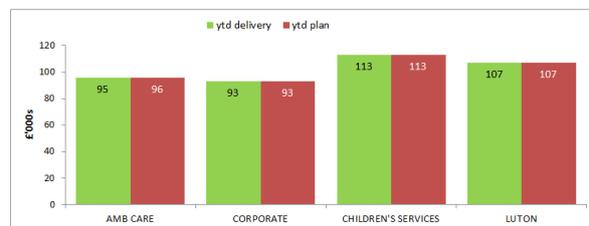
PLAN VS ACTUAL



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

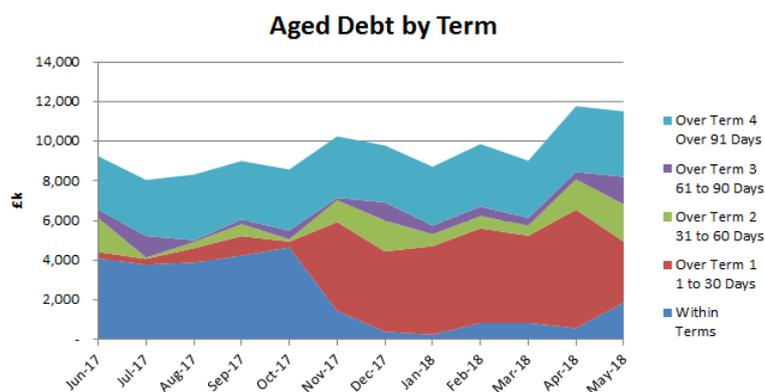
The table below illustrates the Trust's current score (please note the rating is 1 - 4, with 1 being the highest rating). The Trust is currently achieving a 1 rating in all metrics.

(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
<b>Use Of Resources Rating</b>	<b>1</b>

## 4.4 Statement of Financial Position

	May 2018 £'000	March 2018 £'000
<b>Non-Current Assets</b>		
Property, plant and equipment	51,271	51,506
Intangible assets	185	185
<b>Total non-current assets</b>	<b>51,456</b>	<b>51,691</b>
<b>Current assets</b>		
Inventories	41	41
Trade and other receivables	16,220	12,767
Cash and cash equivalents	7,538	8,698
<b>Total current assets</b>	<b>23,799</b>	<b>21,506</b>
<b>Total assets</b>	<b>75,255</b>	<b>73,197</b>
<b>Current liabilities</b>		
Trade and other payables	(14,139)	(12,435)
Provisions	(449)	(449)
<b>Total current liabilities</b>	<b>(14,588)</b>	<b>(12,884)</b>
<b>Net current assets</b>	<b>9,211</b>	<b>8,622</b>
<b>Total assets less current liabilities</b>	<b>60,667</b>	<b>60,313</b>
<b>Non-current liabilities</b>		
Trade and other payables	(1,045)	(1,045)
Provisions	(1,803)	(1,803)
<b>Total non-current liabilities</b>	<b>(2,848)</b>	<b>(2,848)</b>
<b>Total assets employed</b>	<b>57,819</b>	<b>57,465</b>
<b>Financed by taxpayers' equity:</b>		
Public dividend capital	2,107	2,107
Retained earnings	38,594	38,240
Revaluation Reserve	18,771	18,771
Merger Reserve	(1,653)	(1,653)
<b>Total Taxpayers' Equity</b>	<b>57,819</b>	<b>57,465</b>

Trade and other receivables have increased over the reporting period by £3.4m. Trade and other payables have also increased over the reporting period by £1.7m. The imbalance in the increase of receivables and payables has resulted in a decrease in cash position over the reporting period.



Total trade receivables increased by £2.8m in April to £11.8m and then decreased by £0.3m in May to £11.5m. The breakdown in May is £5.8m (51%) from NHS organisations; £4.9m (42%) from Local Authorities; and £0.8m (7%) from other parties.

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

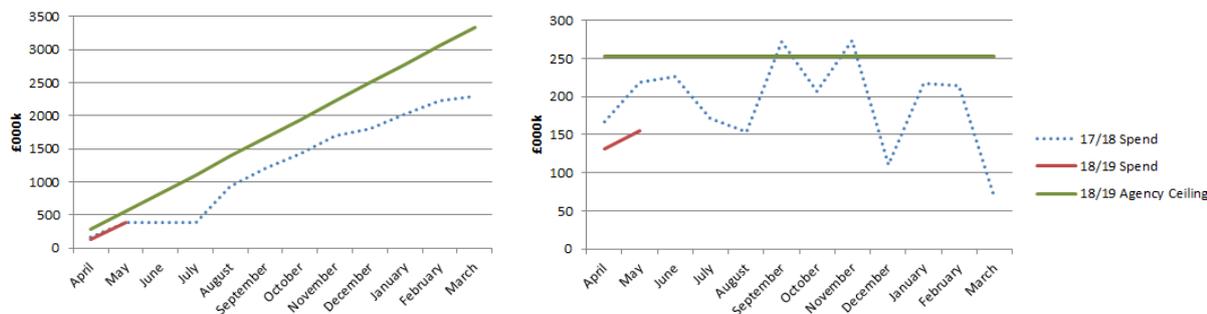
Cambridgeshire County Council	£3.8m
East London FT	£2.5m
NHS England East Commissioning	£0.8m
Cambridge University Hospitals FT	£0.4m

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 2), East London FT and NHS England East Commissioning have subsequently paid £2.4m and £0.7m reducing their outstanding balance. Cambridgeshire County Council has been chased to ensure prompt settlement of their outstanding debt.

#### 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 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 throughout the year, with cumulative spend to Month 2 totalling £201k.

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

