

## TRUST BOARD

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Title:	<b>Finance Performance at Month 6 - 2018/19</b>
Action:	<b>FOR DISCUSSION</b>
Meeting:	<b>14 November 2018</b>

### Purpose:

This paper reports the financial performance to Month 6 - 2018/19 and highlights key messages to bring to the Board's attention.

- The Trust delivered an in month operating surplus of £177k for Month 5 and £179k for Month 6.
- The cumulative position to Month 6 is a £1,066k surplus.
- The cash balance at 30 September 2018 was £9.4m.
- 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 £0.412m over months 5 and 6, giving a total achievement of £1.236m for the financial year against planned schemes of £1.241m.
- 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



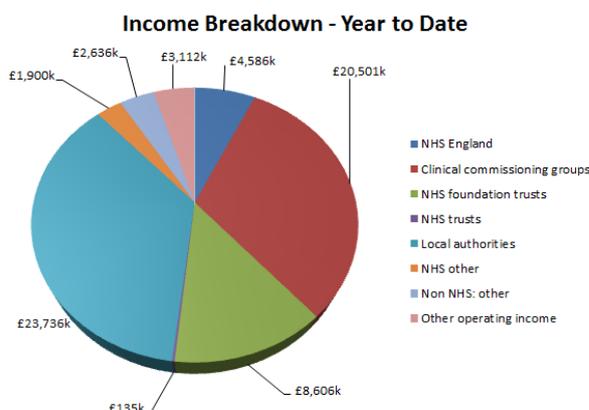
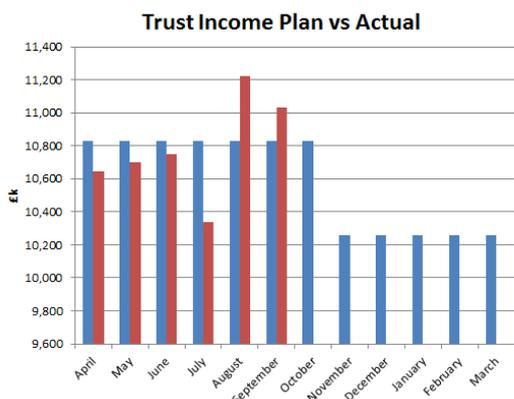
# 1. Executive Summary

## 1.1 Key Messages for the Trust's financial performance for Month 6:

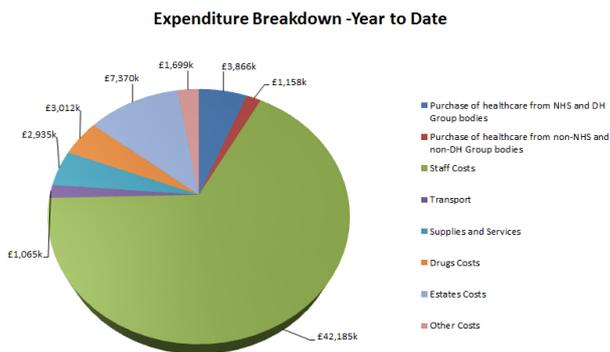
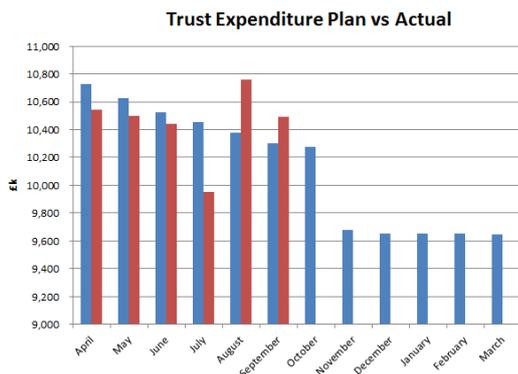
- The Trust delivered an in month operating surplus of £177k for Month 5 and £179k for Month 6, against a planned surplus of £176k and £176k respectively.
- The cumulative position in Month 6 is a £1,066k surplus, against a year to date plan of £1,056k.
- The cash balance at 30 September 2018 was £9.4m.
- 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 £0.412m over months 5 and 6, giving a total achievement of £1.236m for the financial year against planned schemes of £1.241m. CIP performance is a Board Risk number 2610.

# 2. Trust Wide Financial Performance for Month 6 2018/19

## 2.1 Income



## 2.2 Expenditure



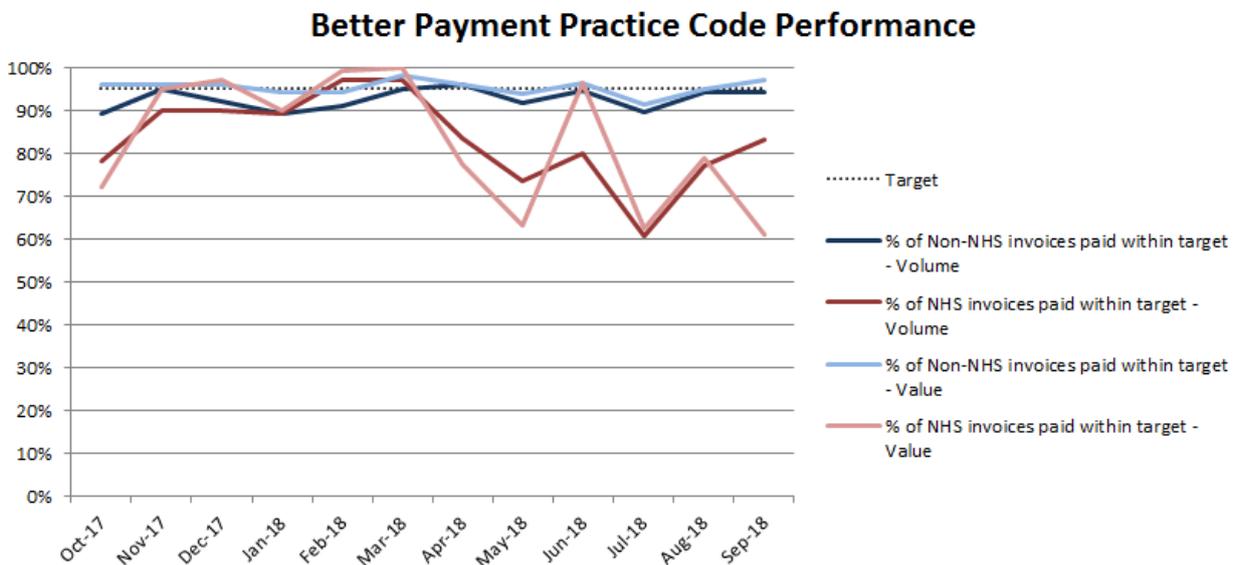
The Trust's income and expenditure has increased in August due to the agenda for change pay increase funding and costs. Backdated income for April to July was raised in August following agreement of the 2018/19 Cambs CCG main contract and September's income was also raised at this agreed rate.

### 2.3 Cash Balance



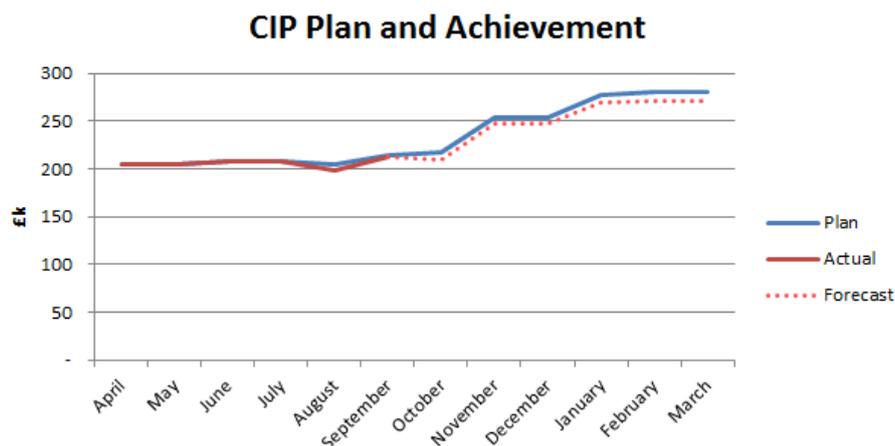
The cash balance remained consistent at £9.4m for Month 5 and Month 6. This represents an overall increase of £0.4m from the Month 4 cash balance. During the period, the Trust paid its biannual PDC instalment but was able to maintain its cash position due to the reduction in receivables, as reported in Section 4.4 of this report.

### 2.4 Better Payment Practice Code



The average in month prompt payments results across the four categories was 86% in Month 5 and 84% in Month 6. In Month 5 and 6, the Trust achieved the 95% target in Non-NHS invoices by value. NHS performance has temporarily decreased in Month 6, four invoices missed the 30 day target by 5 days. If these had been processed within target, the Trust would have achieved 95% and 97% for volume and value respectively in the month. The overall Trust average across the four categories for the last 12 months has decrease to 88% from 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 £1.236m against a target of £1.241m. The Trust has identified schemes to deliver £2.749m 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. The full year effect of the schemes identified in 2018/19 is £3.237m.

## 2.6 Capital Spend

	18/19 Annual Plan	18/19 Cost	18/19 Commitment
All Sites	£270k	-	-
Bedford	£229k	£185k	£205k
Bid Success	£50k	-	-
Brookfield HC	£50k	-	-
Brookfield Hosp	£270k	£70k	£187k
Doddington	£100k	-	-
Hinchingbrooke	£50k	-	£50k
Luton	£25k	-	-
Midgate DAC	£10k	-	-
North Cambs	£1,439k	£576k	£701k
Oak Tree	£185k	-	-
Peterborough	£356k	£366k	£366k
POW	£50k	-	-
Ramsey Rd Clinic	£50k	-	-
Dental Xray Equipment	£125k	£111k	£111k
Equipment Replacement	£167k	-	-
IT Infrastructure	£42k	£188k	£188k
<b>Grand Total (net)</b>	<b>£3,467k</b>	<b>£1,496k</b>	<b>£1,808k</b>

The capital project at Rivergate in Peterborough is now completed and the service has been moved in. The project at North Cambs Hospital in Wisbech and Dunstable Health Centre are now both underway with phase one at North Cambs Hospital nearing completion. Significant spend has been made on IT infrastructure to support mobile working across the Trust.

### 3. Finance Scorecard

Finance Dashboard - Month 6	Section in Report	Plan 30/09/18	Actual 30/09/18	Variance 30/09/18
Operating income from patient care activities	2.1	£62,352k	£62,100k	(£252k)
Other operating income	2.1	£3,150k	£3,112k	(£38k)
Employee expenses	2.2	£42,444k	£42,158k	(£286k)
Operating expenses excluding employee expenses	2.2	£21,149k	£21,132k	(£17k)
Trust Surplus/(Deficit)		£1,056k	£1,066k	£10k
Closing Cash Balance	2.3	£6,929k	£9,403k	£2,474k
Cost Improvement Plan (CIP)	2.5	£1,241k	£1,236k	(£5k)
Capital Programme	2.6	£2,583k	£1,683k	£900k
Use of Resources Metric	4.3	1	1	-
Agency Spend	4.5	£1,344k	£957k	£387k
Bank Spend	4.6	£552k	£562k	£10k
Provider sustainability fund (PSF)		£528k	£528k	£0k

### 4. Summary of Financial Performance

#### 4.1 Net Income & Expenditure

Division Level	Sep-18					
	Income £'000	Pay £'000	Non-Pay £'000	Net Total £'000	Net Budget £'000	Variance £'000
Ambulatory Care Services	771	(8,873)	(5,138)	(13,240)	(13,390)	150
Bedfordshire Community Unit	396	(5,938)	(1,065)	(6,608)	(7,029)	421
Childrens & Younger Peoples Services	1,319	(15,721)	(2,126)	(16,528)	(16,965)	437
Luton Community Unit	459	(8,338)	(1,682)	(9,560)	(9,869)	309
Other Services						
- Contract Income & Reserves	56,448	(29)	(4,653)	51,765	52,805	(1,039)
- Corporate Services	3,102	(3,194)	(4,267)	(4,359)	(4,273)	(87)
- Health Centres	2,718	(93)	(3,029)	(404)	(223)	(181)
<b>CCS Total @ 30 September 2018</b>	<b>65,213</b>	<b>(42,186)</b>	<b>(21,960)</b>	<b>1,066</b>	<b>1,056</b>	<b>10</b>

Ambulatory Care Services delivered an underspend of £118k in month 5 and an overspend of £42k in month 6. The main reasons for the underspend was due to pay costs being lower than plan, due to vacancies and establishment control. The overspend was mainly due to the increase in Pathology costs in Cambridgeshire, Norfolk and Peterborough.

Bedfordshire Community Unit in total delivered a £189k underspend in month 5 and a £41k underspend in month 6, and these were due to pay costs being lower than plan, due to vacancies and establishment control.

Children's & Younger Peoples Services delivered a net underspend of £133k in month 5 and a £119k underspend in month 6. The net underspend position was mainly due to pay costs being lower than plan, due to vacancies and establishment control in the Healthy Child Programme (HCP) services in Cambridgeshire and Norfolk, and the Specialist Services in Cambridgeshire benefitting from additional income in the reporting period. The Acute Children's services in Cambridgeshire continues to delivery an overspend due to establishment cost pressures.

Luton Community Unit (including Luton Children's Services) delivered an underspend of £101k in month 5 and a £27k overspend in month 6. The underspend was due to pay establishment savings in District Nursing and Cancer and Palliative Care and Children's services for both periods and an increase in consultancy costs in relation to the Enhanced Models of Care project, which will be offset in the next period by additional income.

## 4.2 CIP Dashboard

### COST IMPROVEMENT PLAN 2018/2019 SUMMARY

OVERALL STATUS AS AT :

**Month 6 - Sept 2018**

TARGET (£'000)

**3,303**

PLAN

	FYE (£'000s)	PYE (£'000s)
18/19 IDENTIFIED SCHEMES :	3,237	2,521
18/19 UNIDENTIFIED SCHEMES	120	120
<b>TOTAL PLAN</b>	<b>3,356</b>	<b>2,640</b>

Note: includes £303k c/fwd schemes

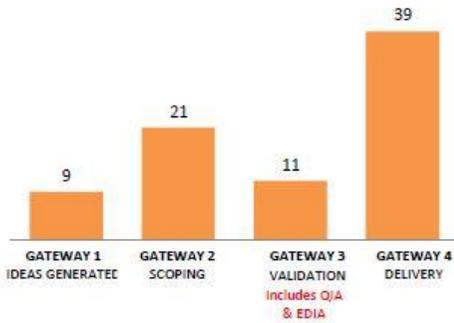
DELIVERED (YTD)

PLANNED SAVINGS YTD (£000):	SAVINGS DELIVERED YTD (£000):
1,241	1,236
VARIANCE FROM TARGET (£'000s): -5	
VARIANCE FROM TARGET (%): 0%	

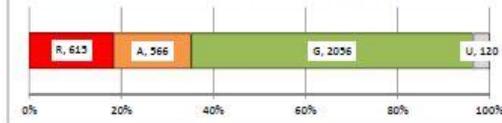
SCHEMES

TOTAL NO. OF SCHEMES = 79

NO. OF SCHEMES BY GATEWAY

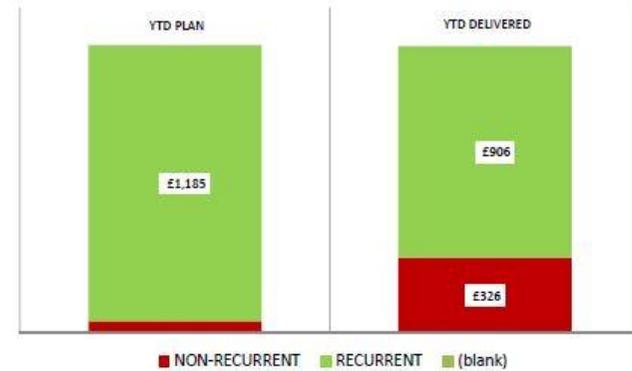


DELIVERY CONFIDENCE RAG RATING - SCHEME VALUE FYE (£000s)



- 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

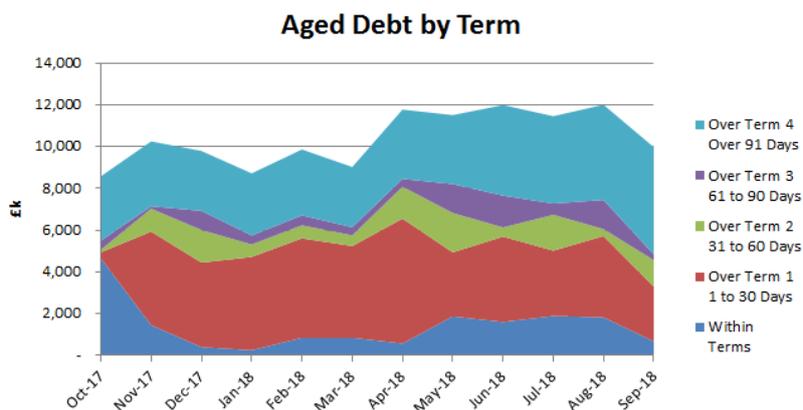
The table below illustrates the Trust's current score (please note the rating is 1 - 4, with 1 being the highest rating). The Trust is currently achieving a 1 rating in all metrics.

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

### 4.4 Statement of Financial Position

	September 2018 £'000	July 2018 £'000
<b>Non-Current Assets</b>		
Property, plant and equipment	51,987	51,363
Intangible assets	138	185
<b>Total non-current assets</b>	<b>52,125</b>	<b>51,548</b>
<b>Current assets</b>		
Inventories	41	41
Trade and other receivables	14,033	15,035
Cash and cash equivalents	9,403	9,025
<b>Total current assets</b>	<b>23,477</b>	<b>24,101</b>
<b>Total assets</b>	<b>75,602</b>	<b>75,649</b>
<b>Current liabilities</b>		
Trade and other payables	(13,740)	(14,136)
Provisions	(449)	(449)
<b>Total current liabilities</b>	<b>(14,189)</b>	<b>(14,585)</b>
<b>Net current assets</b>	<b>9,288</b>	<b>9,516</b>
<b>Total assets less current liabilities</b>	<b>61,413</b>	<b>61,064</b>
<b>Non-current liabilities</b>		
Trade and other payables	(1,045)	(1,045)
Provisions	(1,844)	(1,844)
<b>Total non-current liabilities</b>	<b>(2,889)</b>	<b>(2,889)</b>
<b>Total assets employed</b>	<b>58,524</b>	<b>58,175</b>
<b>Financed by taxpayers' equity:</b>		
Public dividend capital	2,107	2,107
Retained earnings	39,299	38,950
Revaluation Reserve	18,771	18,771
Merger Reserve	(1,653)	(1,653)
<b>Total Taxpayers' Equity</b>	<b>58,524</b>	<b>58,175</b>

Trade and other receivables have decreased over the reporting period by £1.0m. Trade and other payables have decreased by £0.4m and capital spend has increased non-current asset over the period.



Total trade receivables increased by £0.5m in August to £12.0m and then decreased by £2.0m in September to £10.0m. The breakdown in September is £4.1m (41%) from NHS organisations; £5.1m (52%) from Local Authorities; and £0.8m (8%) from other parties.

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

Cambridgeshire County Council	£3.4m
Peterborough City Council	£0.7m
Cambridge University Hospitals FT	£0.6m
Cambridgeshire and Pboro NHSFT	£0.5m

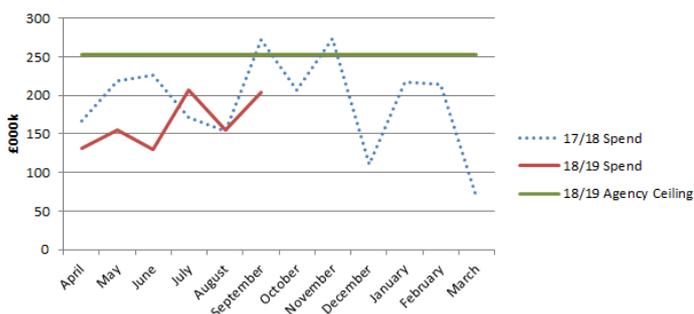
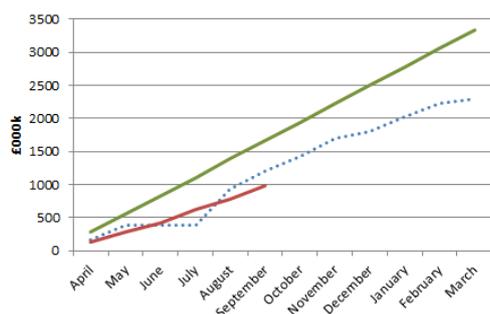
For the debt over 90 days old, as this is predominantly due from NHS and Local Authority bodies it is not deemed necessary to raise a Provision against these balances as the risk of non-recovery is low. After this reporting period (Month 6), Cambridgeshire County Council, Peterborough City Council and Cambridgeshire and Pboro NHSFT have subsequently paid £2.0m, £0.4m and £0.1m respectively to reduce their outstanding balance.

#### 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 6 is £983k which compares to £1,210k at Month 6 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 6 totalling £561k.

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

